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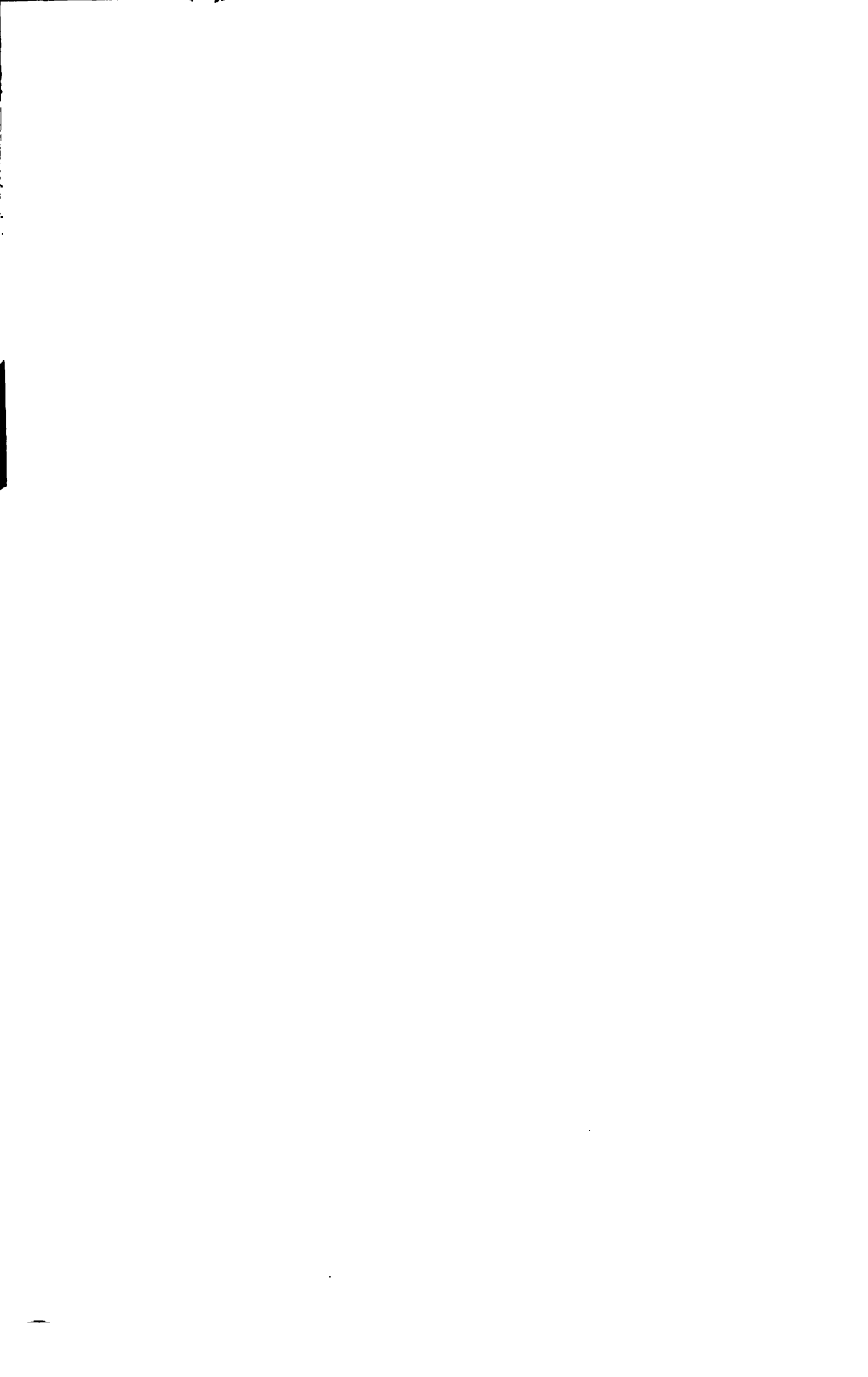
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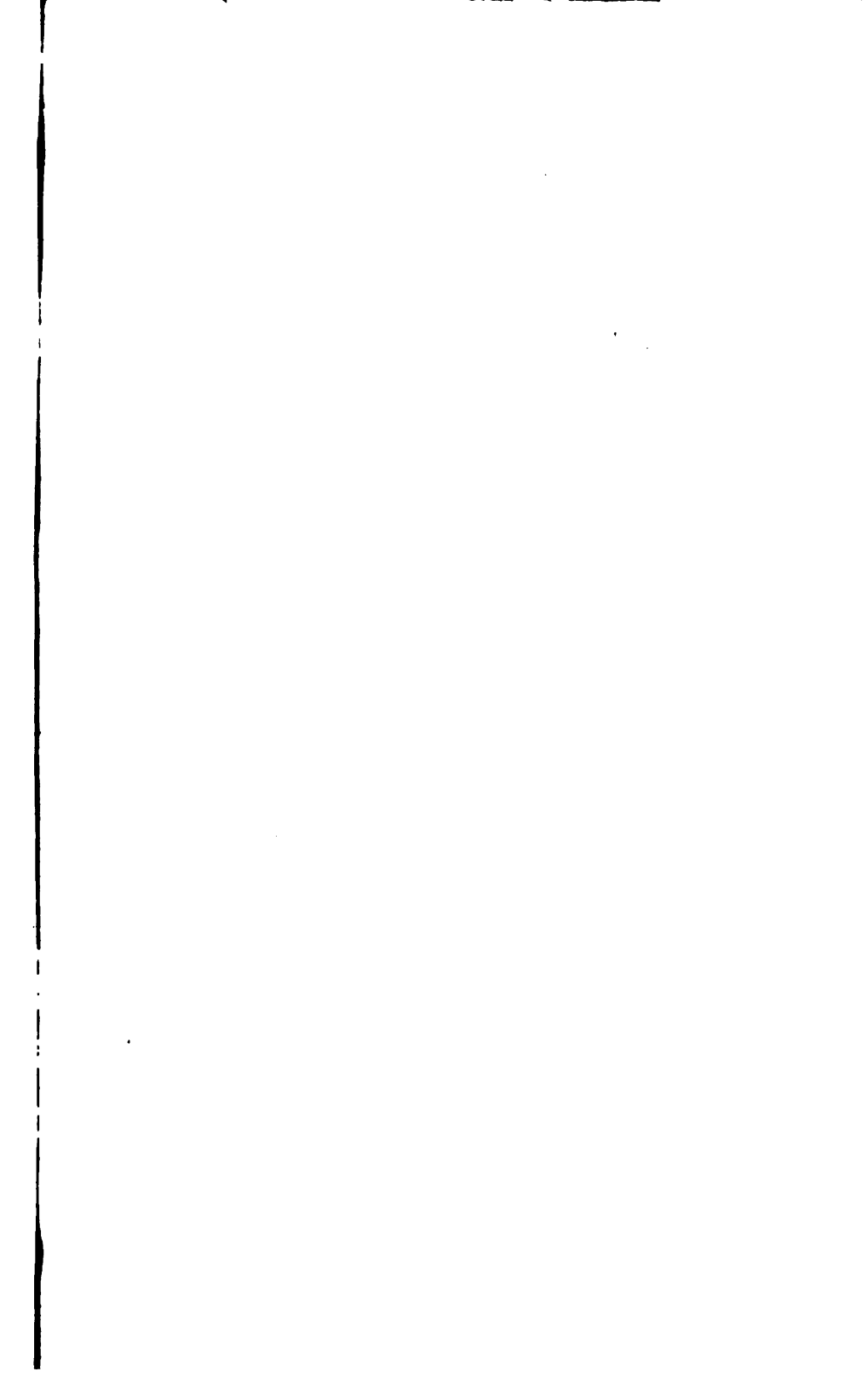
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REPORTS OF CASES

47

IN THE

+

SUPREME COURT

OF

NEBRASKA.

JANUARY AND SEPTEMBER TERMS, 1894.

VOLUME XLI.

D. A. CAMPBELL,

OFFICIAL REPORTER.

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Recd Mar. 27, 1895.

THE SUPREME COURT

OF

NEBRASKA.

1894.

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Eleventh District—

A. A. KENDALLSt. Paul.
J. F. THOMPSON.....Grand Island.

DISTRICT COURTS OF NEBRASKA.

v

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Thirteenth District—

WILLIAM NEVILLE.....North Platte.

Fourteenth District—

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Fifteenth District—

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SUPREME COURT COMMISSIONERS.

(Laws 1893, chapter 16, page 150.)

SECTION 1. The supreme court of the state, immediately upon the taking effect of this act, shall appoint three persons, no two of whom shall be adherents to the same political party, and who shall have attained the age of thirty years and are citizens of the United States and of this state, and regularly admitted as attorneys at law in this state, and in good standing of the bar thereof, as commissioners of the supreme court.

SEC. 2. It shall be the duty of said commissioners, under such rules and regulations as the supreme court may adopt, to aid and assist the court in the performance of its duties in the disposition of the numerous cases now pending in said court, or that shall be brought into said court during the term of office of such commissioners.

SEC. 3. The said commissioners shall hold office for the period of three years from and after their appointment, during which time they shall not engage in the practice of the law. They shall each receive a salary equal to the salary of a judge of the supreme court, payable at the same time and in the same manner as salaries of the judges of the supreme court are paid. Before entering upon the discharge of their duties they shall each take the oath provided for in section one (1) of article fourteen (14) of the constitution of this state. All vacancies in this commission shall be filled in like manner as the original appointment.

SEC. 4. Whereas an emergency exists, this act shall take effect and be in force from and after its passage and approval.

Approved March 9, A. D. 1893.

See page xxi for table of cases overruled.

The syllabus in each case was prepared by the judge or commissioner writing the opinion.

A table of statutes and constitutional provisions cited and construed, numerically arranged, will be found on page xlv.

TABLE OF CASES REPORTED.

A.

	PAGE
Adams, Lincoln Street R. Co. v.....	737
Aiken v. State.....	263
INDICTMENT AND INFORMATION. OBJECTIONS.	
Albright, Ellison v.....	93
Anhenser-Busch Brewing Association v. Peterson.....	897
PLEADING. SUMMONS. SERVICE OUT OF STATE. LAND- LORD AND TENANT. NUISANCE.	
Appelget v. McWhinney.....	253
MOTION FOR NEW TRIAL. REVIEW.	
Ashby, National Lumber Co. v.....	292
Aufdengarten, McDonald v.....	40

B.

Baker v. Kloster.....	890
DEFECTIVE TRANSCRIPT. DISMISSAL.	
Bank of Commerce, Haas v.....	754
Barker v. Lichtenberger.....	751
NEGOTIABLE INSTRUMENTS. PURCHASERS AFTER MATURITY.	
Bartels, Sonnenschein v.....	703
Bartley, Stull Bros. v.....	277
Baxter, Campbell v.....	729
Beard v. Ringer.....	831
REVIEW. BILL OF EXCEPTIONS. APPEAL.	
Beatrice, City of, v. Brethren Church of Beatrice.....	358
Beatrice, City of, v. Reid.....	214
Beatrice Gas Co. v. Thomas.....	662
NUISANCE. POLLUTION OF WELL. DAMAGES. WITNESSES.	
Beatty v. Russell.....	321
REAL ESTATE BROKERS. ACTION FOR COMMISSION. CON- TRACTS. INSTRUCTIONS.	
Beindorff v. Kaufman.....	824
DURESS. COMPOUNDING FELONY.	

x TABLE OF CASES REPORTED.

	PAGE
Bell v. Bosche.....	853
MECHANICS' LIENS. STATEMENTS. DESCRIPTION OF PROP- ERTY. ESTOPPEL.	
Bishop, Rea v.....	202
Bloedel v. Zimmerman.....	695
ASSIGNMENTS OF ERROR. INTOXICATING LIQUORS.	
Board of Supervisors of Holt County v. Hazelet.....	257
Board of Supervisors of Holt County v. Scott	263
Boller, Cain v	721
Bosche, Bell v.....	853
Brethren Church of Beatrice, City of Beatrice v.....	358
Briggs v. First Nat. Bank of Beatrice	17
MARRIED WOMEN. SUBETY FOR HUSBAND. CONSIDERATION.	
Brock, Minick v.....	512
Brown v. Ritner.....	52
ERROR PROCEEDINGS. NEW TRIAL. JUDGMENTS.	
Burge v. Gandy	149
SET-OFF. DOMESTIC JUDGMENT. JUDICIAL RECORDS.	
Burlington Voluntary Relief Department v. White.....	547
MUTUAL INSURANCE ASSOCIATIONS. RAILROAD COMPANIES. ASSESSMENTS. ESTOPPEL. ACTIONS.	
Burlington Voluntary Relief Department v. White, Admx.....	561
MUTUAL INSURANCE ASSOCIATIONS. RAILROAD COMPANIES. ESTOPPEL. WAIVER.	
Burroughs, Riley v.....	296

C.

Cain v. Boller	721
ESTOPPEL.	
Callahan, Munro v.....	849
Cameron, Comstock v.....	814
Campbell v. Baxter.....	729
REAL ESTATE AGENTS. DOUBLE EMPLOYMENT. COMMISSIONS.	
Carey, Clark v.....	780
Carruth v. Harris.....	789
SALE OF STOCK. FALSE REPRESENTATIONS. DAMAGES.	
Chamberlain, Jewell v.....	254
Chicago, B. & Q. R. Co. v. White.....	547
Chicago, B. & Q. R. Co. v. White, Admx.....	561
Chollette, Omaha & R. V. R. Co. v.....	578
City of Beatrice v. Brethren Church of Beatrice.....	358
MUNICIPAL CORPORATIONS. SPECIAL ASSESSMENTS.	

TABLE OF CASES REPORTED.

xi

	PAGE
City of Beatrice v. Reid.....	214
ASSIGNMENTS OF ERROR. NEGLIGENCE. MUNICIPAL COR- PORATIONS.	
City of Fairbury, Ellsworth v.....	881
City of Lincoln v. Finkle.....	575
MUNICIPAL CORPORATIONS. UNLIQUIDATED CLAIMS.	
Clark v. Carey.....	780
CONTINUANCE. PROSECUTION FOR BASTARDY. JUDGMENT FOR SUPPORT. ASSIGNMENTS OF ERROR.	
Clarke v. Kelsey.....	766
MERGER OF AGREEMENTS. CONTRACT OF EMPLOYMENT. ACCOUNTING.	
Clarke v. State.....	370
LARCENY.	
Cobb, Union P. R. Co. v.....	120
Comstock v. Cameron.....	814
BUILDER'S BONDS. RECORDS OF LIENS.	
Conoyer, Union Stock Yards Co. v.....	617
Cook, Kilpatrick-Koch Dry Goods Co. v.....	737
Covey, German-American Ins. Co. v.....	728
Covey, Phenix Ins. Co. of Brooklyn v.....	724
Crooker v. Stover.....	693
VERDICT FOR SERVICES. EVIDENCE.	
Crume, Doll v.....	655

D.

Davis v. Hilbourn.....	35
CHATTEL MORTGAGES. THIRD PERSONS. VOLUNTARY AS- SIGNMENTS. VERDICT. TRIAL.	
Davis, Kirkendall v.....	285
Davis, Pearson v.....	608
Dodge County, McDonald v.....	905
Doll v. Crume.....	655
CONTRACTS. MUNICIPAL CORPORATIONS. PROMISES FOR BENEFIT OF THIRD PERSONS. BONDS. PRINCIPAL AND SURETY.	
Drehmer, Roberts v.....	306

E.

Eggleston, Erb v.....	880
Ellison v. Albright.....	93
PAYMENT. CONCLUSIVENESS OF RECEIPT AS TO STRANGERS.	

xii TABLE OF CASES REPORTED.

	PAGE
Ellsworth v. City of Fairbury	881
DAMAGES. PERSONAL INJURIES. EVIDENCE.	
Erb v. Eggleston	860
NEGLIGENCE. RAILROAD COMPANIES. PERSONAL INJURIES. EVIDENCE.	
Erickson, Union P. R. Co. v.	1
Esterly Harvesting Machine Co. v. Pringle	265
CONTRACTS. CONSIDERATION.	

F.

Fairbury, City of, Ellsworth v.	881
Filbert, Schroeder v.	745
Finkle, City of Lincoln v.	575
First Nat. Bank of Beatrice, Briggs v.	17
First Nat. Bank of Stanton v. Owen	651
Fitzgerald v. Fitzgerald & Mallory Construction Co.	374
CORPORATIONS. ABUSE OF TRUST BY OFFICERS. STOCK- HOLDERS. FOREIGN RECEIVERS. ACQUIESCENCE OF STOCK- HOLDERS. CONSTRUCTION CONTRACT. INTERSTATE COM- MERCE ACT. FOREIGN LAWS.	
Fitzgerald & Mallory Construction Co., Fitzgerald v.	374
Flagg, Stephenson v.	371
Foley v. Holtry.	563
PLEADING. ESTOPPEL. EXCHANGE OF CORPORATION STOCK FOR LAND. RESCISSION.	
Foree v. Stubbs	271
QUIETING TITLE. TAXES. FORECLOSURE OF TAX LIENS.	
Fowler, Whipple v.	675
Fremont, E. & M. V. R. Co. v. Leslie	159
MASTER AND SERVANT. PERSONAL INJURIES. NEGLIGENCE.	
Fullerton v. School District of City of Lincoln	593
SCHOOL DISTRICTS. BOND ELECTION. PETITION. EVIDENCE.	

G.

Gandy, Burge v.	149
German-American Ins. Co. v. Covey	728
PLEADING. FIRE INSURANCE.	
Gillilan v. Rollins	540
DAMAGES. STIPULATION OF AMOUNT.	
Globe Publishing Co. v. State Bank of Nebraska	175
ABATEMENT. PENAL STATUTES. CORPORATIONS. LIA- BILITY OF STOCKHOLDERS.	
Goodrich Lodge Hall Association, Howard v.	700

TABLE OF CASES REPORTED. xiii

	PAGE
Gordon v. Little.....	250
JOINT ASSIGNMENTS OF ERROR. REPLEVIN. DAMAGES.	
Grand Island Light & Fuel Co., Havens v.....	153
Grimes Dry Goods Co. v. Shaffer.....	112
FRAUDULENT CONVEYANCES. DEPOSITIONS. EVIDENCE.	
Gulick v. Webb	708
REVIEW. JUDICIAL SALES. AGREEMENT TO MAKE JOINT BID.	
Guss, Johnson v.....	19

H.

Haas v. Bank of Commerce.....	754
CORPORATIONS. LEGAL EXISTENCE. PROOF. NEGOTIABLE INSTRUMENTS.	
Hale v. Sheehan.....	102
MASTER AND SERVANT. SERVICES. EVIDENCE OF TERMS.	
Harris, Carruth v.....	789
Haskell v. Valley County.....	234
REVIEW. APPEAL. COSTS.	
Havens v. Grand Island Light & Fuel Co.....	153
SALES. CARRIERS. ESTOPPEL. EVIDENCE.	
Hazelet, Board of Supervisors of Holt County v.....	257
Hilbourn, Davis v.....	35
Hoagland, Lowe v.....	812
Hogeboom v. Robertson	795
TRUSTS. ESTOPPEL. EVIDENCE.	
Holtry, Foley v.....	563
Hoover, Jarrett v.....	231
Horn, Brannen & Forsyth Mfg. Co., Russell v.....	567
Howard v. Goodrich Lodge Hall Association	700
APPEAL FROM JUSTICE COURT.	
Huff, Minick v.....	516
Huffman, Hunt v.....	244
Hunt v. Huffman.....	244
REVIEW.	

I.

Insurance Company, German-American, v. Covey	728
Insurance Company, Phenix, of Brooklyn v. Covey	724
Insurance Company, Phenix, of Brooklyn v. Omaha Loan & Trust Co.....	834
Insurance Company, Phenix, of Brooklyn v. Rad Bila Hora Lodge	21

xiv **TABLE OF CASES REPORTED.**

J.

	PAGE
Jarrett v. Hoover.....	231
MECHANICS' LIENS. NOTES. PROCEDURE.	
Jewell v. Chamberlain.....	254
SUBSCRIBING WITNESSES. EVIDENCE.	
Johnson v. Guss.....	19
REVIEW. INSTRUCTIONS.	
Johnson, Vandecar v.....	577
Jones, Morrow v.....	867

K.

Kaessner, Minneapolis Harvester Works v.....	716
Kaufman, Beindorff v.....	824
Kelsey, Clarke v.....	766
Kilpatrick-Koch Dry Goods Co. v. Cook.....	737
FAILURE TO FILE BRIEFS.	
Kirkendall v. Davis.....	285
ASSIGNMENTS OF ERROR. ESTOPPEL. SALES. ATTACHMENT.	
Kloster, Baker v.....	890
Kofka v. Rosicky.....	328
SPECIFIC PERFORMANCE. WILLS. PAROL CONTRACTS.	
ADOPTION OF CHILD. STATUTE OF FRAUDS.	

L.

La Bonty v. Lundgren.....	312
GENUINENESS OF SIGNATURES TO DEEDS.	
Lamb v. State.....	356
LARCENY. CRIMINAL LAW.	
Lauer, State v.....	228
Leslie, Fremont, E. & M. V. R. Co. v.....	159
Lewis, Miller v.....	692
Lichtenberger, Barker v.....	751
Lichtenberger v. Worm.....	856
REVIEW. DEFAULT. PRACTICE TRIAL.	
Lincoln, City of, v. Finkle.....	575
Lincoln Street R. Co. v. Adams.....	737
SURFACE WATER. STREET RAILWAYS.	
Lipp, McDaniel v.....	713
Little, Gordon v.....	250
Long, Thomas v.....	55
Lord v. Peaks.....	891
PARTNERSHIP. ACTIONS BETWEEN PARTNERS.	

TABLE OF CASES REPORTED.

xv

	PAGE
Love v. Putnam.....	86
CHATEL MORTGAGES. INSTRUCTIONS. REVIEW.	
Low v. Rees Printing Co.....	127
CONSTITUTIONAL LAW. EIGHT HOUR LAW.	
Lowe v. Riley.....	812
BILL OF EXCEPTIONS. APPEAL FROM ORDER APPOINTING RECEIVER.	
Lundgren, La Bonty v.....	312

M.

McDaniel v. Lipp	713
REPLEVIN. INJUNCTION TO PREVENT MOVING BUILDING.	
McDonald v. Aufdengarten.....	40
NEGOTIABLE INSTRUMENTS. USURY. RENEWAL NOTES.	
McDonald v. Dodge County	905
DRAINAGE CONTRACTS. DAMAGES. EVIDENCE.	
McEvony, Quigley v.....	73
McRill, Reed v.....	206
McWhinney, Appelget v.....	253
Mace, Murray v.....	60
Melick v. Varney	105
FRAUDULENT CONVEYANCES. MARRIED WOMEN.	
Mengedocht, Von Dorn v.....	525
Merrill v. Wright	351
TAX LIENS. FORECLOSURE.	
Meyer v. Union Bag & Paper Co.....	67
ASSIGNMENTS OF ERROR. FRAUDULENT CONVEYANCES. VOLUNTARY ASSIGNMENTS.	
Miller v. Lewis	692
REVIEW. FAILURE TO FILE BRIEFS.	
Minick v. Brock.....	512
INJUNCTION. PRINCIPAL AND SURETY. EXECUTIONS.	
Minick v. Huff.....	516
REVIEW. PRINCIPAL AND SURETY. NEW TRIAL. STAT- UTE OF FRAUDS.	
Minneapolis Harvester Works v. Kaesner	716
USURY.	
Morrow v. Jones.....	867
CONTRACTS. CONSIDERATION. STATUTE OF FRAUDS. PRIN- CIPAL AND AGENT. DEEDS AS MORTGAGES. LIMITATION OF ACTIONS. REVIEW.	
Munro v. Callahan.....	849
BASTARDY. JURISDICTION. JUSTICE OF THE PEACE. DEPO- SITION OF WITNESS.	

xvi TABLE OF CASES REPORTED.

	PAGE
Murphy, Patterson v.....	818
Murray v. Mace.....	60
TRESPASS BY OFFICER IN EXECUTION OF WRIT. DAMAGES.	

N.

National Lumber Co. v. Ashby.....	292
REVIEW. MOTION FOR NEW TRIAL. PLEADING.	
National Lumber Co., Scroggin v.....	195

O.

Oldfield, Stratton v.....	702
Olsen v. Webb.....	147
LANDLORD AND TENANT. INJURIES TO PROPERTY.	
Omaha Loan & Trust Co., Phenix Ins. Co. of Brooklyn v.....	834
Omaha & R. V. R. Co. v. Chollette.....	578
LIABILITY OF CARRIERS. INJURIES TO PASSENGERS. NEGLIGENCE. REVIEW. TRIAL. HUSBAND AND WIFE. MARRIED WOMAN'S ACT.	
Omaha & R. V. R. Co., Stephens v.....	167
Owen, First Nat. Bank of Stanton v.....	651

P.

Patterson v. Murphy.....	818
CONTRACTS TO PURCHASE REAL ESTATE. DEFAULT IN PAYMENTS. RESCISSION.	
Patterson v. State.....	538
CRIMINAL LAW. CHARACTER.	
Paxton v. Smith.....	56
CONTRACTS. CONSTRUCTION. CHATTEL MORTGAGES. FRAUD.	
Peaks, Lord v.....	891
Pearson v. Davis.....	608
DEEDS. EXECUTION AND DELIVERY. JUDGMENT LIENS.	
Peterson, Anheuser-Busch Brewing Association v.....	897
Phenix Ins. Co. of Brooklyn v. Covey.....	724
PLEADING. FIRE INSURANCE.	
Phenix Ins. Co. of Brooklyn v. Omaha Loan & Trust Co.....	834
FIRE INSURANCE. MORTGAGE CLAUSE. ASSIGNMENT OF MORTGAGE.	
Phenix Ins. Co. of Brooklyn v. Rad Bila Hora Lodge.....	21
FIRE INSURANCE. NOTICE OF LOSS. AGENTS. REVIEW. TRIAL.	
Pringle, Esterly Harvesting Machine Co. v.....	265
Putnam, Love v.....	86

TABLE OF CASES REPORTED.

xvii

Q.

	PAGE
Quigley v. McEvony.....	73
HOMESTEAD. RES ADJUDICATA. APPRAISAL. ABANDON- MENT.	

R.

Rad Bila Hora Lodge, Phenix Ins. Co. of Brooklyn v.....	21
Railroad Company, Chicago, B. & Q., v. White.....	547
Railroad Company, Chicago, B. & Q., v. White, Admx.....	561
Railroad Company, Fremont, E. & M. V., v. Leslie.....	159
Railroad Company, Lincoln Street, v. Adama.....	737
Railroad Company, Omaha & R. V., v. Chollette.....	578
Railroad Company, Omaha & R. V., Stephens v.....	167
Railroad Company, Union P., v. Cobb.....	120
Railroad Company, Union P., v. Erickson.....	1
Ransom, Shellenberger v.....	631
Rea v. Bishop.....	202
TRIAL. DEFENSE OF INSANITY. OPENING AND CLOSING.	
Reed v. McRill.....	206
CONVERSION. PLEADING. TENANCY IN COMMON. TROVER AND CONVERSION.	
Rees Printing Co., Low v.....	127
Reid, City of Beatrice v.....	214
Ressel v. Whitney.....	613
Riley v. Burroughs.....	296
CONFLICT OF LAWS. BREACH OF COVENANT.	
Riley, Lowe v.....	812
Riley, Storz v.....	822
Ringer, Beard v.....	831
Ritner, Brown v.....	52
Roberts v. Drehmer.....	306
INSTRUCTIONS. COSTS. DAMAGES. CONTRACTS.	
Robertson, Hogeboom v.....	795
Rollins, Gillilan v.....	540
Rosicky, Kofka v.....	328
Russell, Beatty v.....	321
Russell v. Horn, Brannen & Forsyth Mfg. Co.....	567
PRINCIPAL AND AGENT. BREACH OF CONTRACT. DAMAGES.	

S.

School District of City of Lincoln, Fullerton v.....	593
Schroeder v. State.....	745
CUSTODY OF INFANTS.	

xviii TABLE OF CASES REPORTED.

	PAGE
Scott, Board of Supervisors of Holt County v.....	263
Scroggin v. National Lumber Co.....	195
ERROR PROCEEDINGS. MECHANICS' LIENS. LIMITATION OF ACTIONS. PLEADING.	
Shaffer, Grimes Dry Goods Co. v.....	112
Sheehan, Hale v.....	102
Shellenberger v. Ransom	631
STATUTES. CONSTRUCTION. DESCENT.	
Smith, Paxton v.....	56
Sonnenschein v. Bartels	703
FRAUDULENT CONVEYANCES. EVIDENCE.	
State, Aiken v.....	263
State, Clarke v.	370
State, Lamb v	356
State v. Lauer.....	226
GRAND JURY. TIME TO APPEAR. COUNTY BOARD.	
State, Patterson v.....	538
State, Wanzer v.....	238
State, ex rel. Board of Supervisors of Holt County, v. Hazelet...	257
DISMISSAL. COUNTIES. FEES OF CLERK.	
State, ex rel. Board of Supervisors of Holt County, v. Scott	263
DISMISSAL. FEES OF COUNTY OFFICERS.	
State, ex rel. Filbert, Schroeder v.....	745
State, ex rel. First Nat. Bank of Stanton, v. Owen	651
COUNTY BOARDS. DEPOSITORIES. MANDAMUS.	
State ex rel. Ressel, v. Whitney.....	613
MUNICIPAL CORPORATIONS. INCORPORATION.	
State, ex rel. Stull Bros., v. Bartley	277
STATUTES. CONSTITUTIONAL LAW. PERMANENT SCHOOL FUND. STATE TREASURER. WARRANTS.	
State Bank of Nebraska, Globe Publishing Co. v.....	175
Stephens v. Omaha & R. V. R. Co.....	167
NEGLIGENCE. RAILROADS.	
Stephenson v. Flagg	371
NEGLIGENCE. COLLISION ON STREET. INSTRUCTIONS.	
Sterling Lumber Co. v. Stinson.....	368
ACCOUNT STATED.	
Stinson, Sterling Lumber Co. v.....	368
Storz v. Riley.....	822
REVIEW.	
Stover, Crooker v.....	693
Stratton v. Oldfield.....	702
CONSPIRACY. DECLARATIONS.	

TABLE OF CASES REPORTED. xix

	PAGE
Stubbs, Force v.....	271
Stull Bros. v. Bartley.....	277

T.

Thomas, Beatrice Gas Co. v.....	662
Thomas v. Long.....	55

REVIEW.

Thompson v. Wertz.....	31
PLEADING AND PROOF. WITNESSES. IMPEACHMENT.	

U.

Union Bag & Paper Co., Meyer v.....	67
Union P. R. Co. v. Cobb.....	120

REVIEW. TRIAL. NEGLIGENCE. SPECIAL FINDINGS.

Union P. R. Co. v. Erickson.....	1
MASTER AND SERVANT. PERSONAL INJURIES. NEGLIGENCE. FELLOW-SERVANTS.	

Union Stock Yards Co. v. Conoyer.....	617
CONTRIBUTORY NEGLIGENCE. DEATH BY WRONGFUL ACT.	

V.

Valley County, Haskell v.....	234
Vandecar v. Johnson.....	577

FRAUDULENT CONVEYANCES. EVIDENCE.

Varney, Melick v.....	165
Von Dorn v. Mengedoht.....	525

BUILDERS' CONTRACTS. DAMAGES. MECHANICS' LIENS.

NOTARY PUBLIC. JUDICIAL SALES.

W.

Walker, Wonderlick v.....	806
Wanser v. State.....	238

ASSAULT. CRIMINAL LAW. PETITION IN ERROR.

Webb, Gulick v.....	706
Webb, Olsen v.....	147
Weeks v. Wheeler.....	200

ERROR PROCEEDINGS.

Wertz, Thompson v.....	31
Wheeler, Weeks v.....	200
Whipple v. Fowler.....	675

PLEADING. TRIAL TO COURT. MORTGAGES. UNAUTHOR-

IZED SATISFACTION. CONFLICT OF LAWS.

xx TABLE OF CASES REPORTED.

	PAGE
White, Burlington Voluntary Relief Department v.....	547
White, Admx., Burlington Voluntary Relief Department v.....	561
Whitney, Ressel v.....	613
Wiseman v. Ziegler.....	886
VERDICT. FORM. INSTRUCTIONS. TRANSCRIPT FOR RE- VIEW.	
Wonderlick v. Walker	806
EXECUTIONS. WRONGFUL LEVY. SHERIFFS AND CON- STABLES. SUBETIES. INSTRUCTIONS. REVIEW.	
Worm, Lichtenberger v.....	856
Wright, Merrill v.....	351

Z.

Ziegler, Wiseman v.....	886
Zimmerman, Bloedel v.....	695

TABLE OF CASES OVERRULED.

- Adams v. Nebraska City Nat. Bank**, 4 Neb., 370.
 Musser v. King, 40 Neb., 893.
Atchison & N. R. Co. v. Baty, 6 Neb., 37.
 Graham v. Kibble, 9 Neb., 183.
Aultman v. Obermeyer, 6 Neb., 280.
 Stevens v. Carson, 30 Neb., 544.
Bartlett v. Bartlett, 13 Neb., 456.
 Bartlett v. Bartlett, 15 Neb., 600.
Becker v. Anderson, 11 Neb., 493.
 Marsh v. Burley, 13 Neb., 264.
Bennet v. Fooks, 1 Neb., 465.
 Galway v. Malchow, 7 Neb., 285.
Bonns v. Carter, 20 Neb., 566.
 Jones v. Loree, 37 Neb., 816.
Bradshaw v. City of Omaha, 1 Neb., 16.
 Turner v. Althaus, 6 Neb., 77.
Bressler v. Wayne County, 25 Neb., 468.
 Bressler v. Wayne County, 32 Neb., 834.
Carkins v. Anderson, 21 Neb., 364.
 Anderson v. Carkins, 135 U. S., 483.
 Robinson v. Jones, 31 Neb., 20.
Coy v. Jones, 30 Neb., 798.
 Globe Publishing Co. v. State Bank of Nebraska, 41 Neb., 176.
Curtin v. Atkinson, 29 Neb., 812.
 Curtin v. Atkinson, 36 Neb., 110.
Dawson v. Merrille, 2 Neb., 119.
 Carkins v. Anderson, 21 Neb., 368.
Edgington v. Cook, 32 Neb., 551.
 Graff v. Ackerman, 38 Neb., 720.
Filley v. Duncan, 1 Neb., 135.
 Colt v. Du Bois, 7 Neb., 396.
Hagenbuck v. Reed, 3 Neb., 17.
 Graff v. Ackerman, 38 Neb., 724.
Hallenbeck v. Hahn, 2 Neb., 377.
 Johnson v. Hahn, 4 Neb., 139.
Handy v. Brong, 4 Neb., 66.
 Buckmaster v. McElroy, 20 Neb., 564.
 (xxi)

xxii TABLE OF CASES OVERRULED.

- Henry v. Vliet, 33 Neb., 130.
Henry v. Vliet, 36 Neb., 138.
Hollenbeck v. Tarkington, 14 Neb., 430.
Sharp v. Brown, 34 Neb., 406.
Horn v. Miller, 20 Neb., 98.
Bickel v. Dutcher, 35 Neb., 761.
Howell v. Roberts, 29 Neb., 483.
Globe Publishing Co. v. State Bank of Nebraska, 41 Neb., 176.
Hurley v. Estes, 6 Neb., 391.
Hale v. Christy, 8 Neb., 264.
Kittie v. De Lamater, 3 Neb., 325.
Smith v. Columbus State Bank, 9 Neb., 31.
Kyger v. Ryley, 2 Neb., 26.
Hale v. Christy, 8 Neb., 264.
Lipcomb v. Lyon, 19 Neb., 511.
Stevens v. Carson, 30 Neb., 544.
McCord v. Weil, 29 Neb., 682.
McCord v. Weil, 33 Neb., 869.
McDonald v. Bowman, 35 Neb., 93.
McDonald v. Bowman, 40 Neb., 269.
Manly v. Downing, 15 Neb., 637.
Green v. Sanford, 34 Neb., 363.
Nickolls v. Barnes, 32 Neb., 195.
Nickolls v. Barnes, 39 Neb., 103.
Osborne v. Canfield, 33 Neb., 330.
Moline v. Curtis, 38 Neb., 534.
Peckinbaugh v. Quillin, 12 Neb., 586.
Burnham v. Doolittle, 14 Neb., 216.
Peters v. Dunnells, 5 Neb., 466.
Hale v. Christy, 8 Neb., 264.
Phenix Ins. Co. v. Swantkowski, 31 Neb., 245.
Sharp v. Brown, 34 Neb., 406.
Phillips v. Bishop, 31 Neb., 853.
Phillips v. Bishop, 35 Neb., 487.
Pickens v. Plattsmouth Investment Co., 31 Neb., 585.
Pickens v. Plattsmouth Investment Co., 37 Neb., 272.
Republican V. R. Co. v. Boyse, 14 Neb., 130.
Donovan v. Sherwin, 16 Neb., 130.
Rice v. Gibbs, 33 Neb., 460.
Rice v. Gibbs, 40 Neb., 265.
Rittenhouse v. Bigelow, 38 Neb., 543.
Rittenhouse v. Bigelow, 38 Neb., 547.
Sandwich Mfg. Co. v. Feary, 34 Neb., 411.
Sandwich Mfg. Co. v. Feary, 40 Neb., 226.

TABLE OF CASES OVERRULED. xxiii

- Shawang v. Love**, 15 Neb., 142.
 Hurlburt v. Palmer, 39 Neb., 159.
Shellenberger v. Ransom, 31 Neb., 61.
 Shellenberger v. Ransom, 41 Neb., 632.
Smith v. Boyer, 29 Neb., 76.
 Smith v. Boyer, 35 Neb., 46.
State v. Krumpus, 13 Neb., 321.
 State v. Wilson, 31 Neb., 464.
State v. Priebnow, 16 Neb., 131.
 Arnold v. State, 38 Neb., 752.
State v. Sanford, 12 Neb., 425.
 State v. Wilson, 31 Neb., 464.
State v. Sioux City & P. R. Co., 7 Neb., 357.
 Foree v. Stubbs, 41 Neb., 271.
Stewart-Chute Lumber Co. v. Missouri P. R. Co., 28 Neb., 39.
 Stewart-Chute Lumber Co. v. Missouri P. R. Co., 33 Neb., 29.
St. Joseph & D. R. Co. v. Baldwin, 7 Neb., 247.
 St. Joseph & D. R. Co. v. Baldwin, 103 U. S., 426.
Thomas v. Edgerton, 36 Neb., 254.
 Thomas v. Edgerton, 40 Neb., 26.
Walker v. Morse, 33 Neb., 650.
 Moline v. Curtis, 38 Neb., 528.
Westcott v. Archer, 12 Neb., 345.
 Grebe v. Jones, 15 Neb., 317.
Woodruff v. White, 25 Neb., 745.
 Stevens v. Carson, 30 Neb., 551.
Woods v. Shields, 1 Neb., 454.
 Kyger v. Ryley, 2 Neb., 27.



CASES CITED BY THE COURT.

CASES MARKED * ARE OVERRULED IN THIS VOLUME.
CASES MARKED † ARE CRITICISED IN THIS VOLUME.

A.

	PAGE
Abbott v. Omaha Smelting & Refining Co., 4 Neb., 416...	176, 191, 758
Acton v. Blundell, 12 M. & W. (Eng.), 324	667
Adams Express Co. v. Trego, 35 Md., 64	772
Abern v. Freeman, 46 Minn., 156	687
Albright v. Brown, 23 Neb., 136.....	98
Aldrich v. Ames, 75 Mass., 76.....	524
Alexander v. Meyers, 33 Neb., 773.....	199, 200
Alexander v. Rodriguez, 12 Wall. (U. S.), 323.....	877
Alexander v. Shaffer, 38 Neb., 812	271, 276, 277
Allaire v. Hartsborne, 21 N. J. Law, 665	765
Alwood v. Ruckman, 21 Ill., 200.....	211
Anderson v. Buchanan, 20 Neb., 272.....	451
Anderson v. Carkins, 135 U. S., 483.....	492, 493
Anderson v. Chicago, B. & Q. R. Co., 35 Neb., 95.....	625
Angle v. Bilby, 25 Neb., 595	92
Anvil Mining Co. v. Humble, 14 Sup. Ct. Rep., 878.....	574
Application of Jacobs, 98 N. Y., 106	146, 147
Arndt v. Griggs, 134 U. S., 316	275
Atchison & N. R. Co. v. Bailey, 11 Neb., 332.....	126
Atchison & N. R. Co. v. Baty, 6 Neb., 37.....	143, 145
Atchison & N. R. Co. v. Miller, 16 Neb., 661	199
Atchison, T. & S. F. R. Co. v. Lawler, 40 Neb., 356.....	121, 125
Atgar v. Hiler, 24 N. J. Law, 812.....	524
Atlee v. Fink, 75 Mo., 100	735
Aultman v. Leahy, 24 Neb., 286.....	55
Aultman v. Patterson, 14 Neb., 57, 58.....	84, 419
Aultman v. Stout, 15 Neb., 586	98
Ayres v. Chicago, R. I. & P. R. Co., 52 Ia., 478.....	270, 435

B.

Baker v. City of Cincinnati, 11 O. St., 534.....	364
Baker v. State, 65 Wis., 50.....	785

xxvi CASES CITED BY THE COURT.

	PAGE
Ball v. Nye, 99 Mass., 582.....	668
Ballard v. Tomlinson, 26 L. R., Ch. Div. (Eng.), 194.....	668, 669
Baltimore & Ohio Telegraph Co. v. Interstate Telegraph Co., 4 C. C. A. (U. S.), 184	502
Bank of Columbia v. Okely, 4 Wheat. (U. S.), 243.....	144
Bank of Genesee v. Patchin Bank, 13 N. Y., 309.....	417
Bank of the State of Indiana, v. Anderson, 14 Ia., 544.....	687
Barling v. Peters, 25 N. E. Rep. (Ill.), 765	712
Barnes v. Brown, 80 N. Y., 527.....	485
Barnes v. McMurry, 29 Neb., 178	29, 200
Barnett v. Pratt, 37 Neb., 349.....	655, 660
Barnum v. Young, 10 Neb., 309.....	18
Barr v. New York, L. E. & W. R. Co., 96 N. Y., 444	405, 495
Barr v. Van Alstine, 22 N. E. Rep. (Ind.), 965	879
Bartlett v. Wyman, 14 Johns. (N. Y.), 260.....	270
Barton v. McKay, 36 Neb., 633	242
Bates v. Diamond Crystal Salt Co., 36 Neb., 900.....	310
Beatrice Gas Co. v. Thomas, 41 Neb., 662.....	905
Bedford v. State, 36 Neb., 702.....	243
Bell v. Paul, 35 Neb., 240	660
Bellows v. Russell, 20 N. H., 427	713
Bennett v. Hargus, 1 Neb., 419	175, 181
Berkley v. Lamb, 8 Neb., 399.....	612
Bernstien v. Brown, 23 Neb., 64	856, 859
Bethel v. Bethel, 54 Ind., 428	300, 301
Betts v. Sims, 25 Neb., 166.....	291
Binns v. State, 66 Ind., 428.....	626
Bish v. Hawkeye Ins. Co, 69 Ia., 184.....	30
Bissell & Michigan S. & N. I. R. Co, 22 N. Y., 258.....	417
Black v. Winterstein, 6 Neb., 224.....	252
Blackwell v. Insurance Co., 48 O. St., 533.....	848
Blackwell v. Wright, 27 Neb., 269.....	40, 44
Blair v. West Point Mfg. Co., 7 Neb., 146.....	858
Blanks v. Hibernia Ins. Co., 36 La. Ann., 599.....	30
Blodgett v. McMurry, 34 Neb., 782	291
Boldt v. Budwig, 19 Neb., 739.....	522
Bollman v. Loomis, 41 Conn., 581.....	735
* Bonns v. Carter, 20 Neb., 566; 22 Neb., 495.....	37, 38, 39, 71, 72
Booth v. Clark, 17 How. (U. S.), 321, 322-338	407, 495
Booth v. Farmers & Merchants Bank, 50 N. Y., 400	416
Bosley v. Mattingly, 14 B. Mon. (Ky.), 89.....	643
Bowers v. Rice, 19 Neb., 576.....	252
Boyce v. Berger, 11 Neb., 399.....	435
Braceville Coal Co. v. People, 147 Ill., 66.....	145
Brandt v. Fitzgerald, 36 Neb., 683.....	526, 536
Breece v. State, 12 O. St., 146.....	235

CASES CITED BY THE COURT. xxvii

	PAGE
Breitung v. Lindauer, 37 Mich., 217.....	181
Brennan v. Clark, 29 Neb., 385.....	545, 660
Breslin v. Brown, 24 O. St., 565.....	712
Brinkman v. Jones, 44 Wis., 498.....	877
Brinton v. Van Cott, 33 Pac. Rep. (Utah), 218.....	349
Bromley v. Birmingham M. R. Co., 11 So. Rep. (Ala.), 341.....	626
Brown v. Allen, 35 Ia., 306.....	66
Brown v. Hurst, 3 Neb., 353.....	419
Brown v. Huston, 114 U. S., 822.....	468
Brown v. Illius, 27 Conn., 84.....	668
Brown v. Rogers, 20 Neb., 547.....	681
Brunner v. Briggs, 39 O. St., 478.....	650
Brunswick-Balke-Collender Co. v. Rees, 69 Wis., 442.....	903
Buck v. Davenport Savings Bank, 29 Neb., 407.....	90
Bulen v. Granger, 29 N. W. Rep. (Mich.), 718.....	320
Bullard v. Northern P. R. Co., 45 Am. & Eng. R. Cas. (Mon.), 244, 463	
Burbank v. Crooker, 7 Gray (Mass.), 158.....	211
Burlington Volunteer Relief Department v. White, 41 Neb., 547,	561, 562
Byrd v. Hughes, 84 Ill., 174.....	735

C.

Cable v. McCune, 26 Mo., 371.....	187
Campbell v. Holland, 22 Neb., 589.....	93
Cannan v. Bryce, 3 Barn & Ald. (Eng.), 179.....	491
Cannell v. Smith, 21 Atl. Rep. (Pa.), 793.....	736
Carlrow v. Aultman, 28 Neb., 672.....	54, 196, 251, 254, 526, 538
Carr v. Dodge, 40 N. H., 403.....	211
Carson v. Stevens, 40 Neb., 112.....	105, 111
Case v. Wildridge 4 Ind., 51.....	643
Catron v. Shepherd, 8 Neb., 308.....	681
Central B. R. Co. v. Fritz, 20 Kan., 430.....	716
Chapin v. Lapham, 37 Mass., 467.....	524
Chase v. Curtis, 113 U. S., 452.....	184
Cheney v. Cooper, 14 Neb., 416.....	42
Cheney v. Janssen, 20 Neb., 128.....	42, 48
Chew Heong v. United States, 112 U. S., 536.....	462
Chicago & A. R. Co. v. People, 67 Ill., 11.....	463
Chicago & N. W. R. Co. v. Moranda, 93 Ill., 316.....	15
Chicago, B. & Q. R. Co. v. Grablin, 38 Neb., 90.....	127
Chicago, M. & St. P. R. Co. v. Ross, 112 U. S., 377.....	14, 16
Chicopee Bank v. Chapin, 49 Mass., 40.....	765
Chollette v. Omaha & R. V. R. Co., 26 Neb., 159.....	578, 582
Christie v. Missouri P. R. Co., 94 Mo., 453; 32 Am. & Eng. R.	
Cas., 413.....	463
Circleville v. Nending, 41 O. St., 465.....	222

xxviii CASES CITED BY THE COURT.

	PAGE
City of Chicago v. O'Brennan, 65 Ill., 160.....	903
City of Detroit v. Corey, 9 Mich., 165.....	219
City of Lincoln v. Grant, 38 Neb., 369.....	575, 577
City of Lincoln v. Smith, 28 Neb., 762.....	92, 93
City of Lincoln v. Walker, 18 Neb., 244.....	223, 625
City of Lowell v. Spaulding, 4 Cush. (Mass.), 277.....	903
City of Omaha v. Jensen, 35 Neb., 68.....	215, 223, 224
City of Peoria v. Simpson, 110 Ill., 294.....	903
City of Plattsburgh v. Boeck, 32 Neb., 297.....	794
City of Springfield v. Le Claire, 49 Ill., 476.....	220
City of Zanesville v. Richards, 5 O. St., 589.....	364
City Five Cents Savings Bank v. Pennsylvania Fire Ins. Co., 122 Mass., 165.....	844
Clark v. Bayer, 32 O. St., 299.....	750
Clarke v. Koenig, 36 Neb., 572.....	344
Clutz v. Carter, 12 Neb., 113.....	858
Colby v. Parker, 34 Neb., 511.....	42
Collins v. Chartiers Valley Gas Co., 139 Pa. St., 111.....	669
Commonwealth v. Bryne, 20 Gratt. (Va.), 165.....	144
Commonwealth v. Perry, 28 N. E. Rep. (Mass.), 1126.....	139, 146
Commonwealth v. Tuck, 20 Pick. (Mass.), 356.....	265
Comstock v. Michael, 17 Neb., 288.....	880
Cone v. Niagara Ins. Co., 90 N. Y., 619.....	848
Connecticut Mutual Life Ins. Co. v. Smith, 22 S. W. Rep. (Mo.), 623.....	276
Connelly v. Edgerton, 22 Neb., 82.....	252
Conover v. Stillwell 34 N. J. Law, 54.....	270
Continental Ins. Co. v. Lippold, 3 Neb., 391.....	27
Converse Cattle Co. v. Campbell, 25 Neb., 37.....	701
Cook v. City of Beatrice, 32 Neb., 80.....	602
Coolidge v. Choate, 11 Met. (Mass.), 79.....	66
Copp v. Louisville & N. R. Co., 46 Am. & Eng. R. Cas. (La.), 634.....	467, 501
Cornog v. Fuller, 30 Ia., 212.....	687
Cortelyou v. Maben, 40 Neb., 512.....	889
Costello v. Chamberlain, 36 Neb., 45.....	67, 70
Courtney v. Parker, 21 Neb., 582.....	612
Courtney v. Price, 12 Neb., 188.....	419
Coxe Brothers v. Lehigh Valley R. Co., 4 Interstate C. C. Rep., 578.....	468, 501
* Coy v. Jones, 30 Neb., 798.....	176, 193
Craig v. Donovan, 63 Ind., 513.....	300
Cropey v. Wiggernhorn, 3 Neb., 108.....	54, 196
Crutts v. Wray, 19 Neb., 581.....	196
Cushing v. Longfellow, 26 Me., 306.....	66
Cutler v. Smith, 57 Ill., 252.....	66

CASES CITED BY THE COURT. xxix

D.

	PAGE
Daly v. Melendy, 32 Neb., 852.....	849, 851
Daniels v. Densmore, 32 Neb., 40.....	689
Darst v. Backus, 18 Neb., 231.....	42
Davidson v. Berthoud, 1 A. K. Marsh. (Ky.), 261.....	100
Davidson v. Murphy, 13 Conn., 213	149, 152
Davis v. First Nat. Bank of Cheyenne, 5 Neb., 245.....	18
Davis v. Getchell, 32 Neb., 808.....	287
Davis v. Neligh, 7 Neb., 78	752
Davis v. State, 31 Neb., 240	55
Day v. Woodworth, 13 How. (U. S.), 363.....	66
Deacon v. Gridley, 15 C. B. (Eng.), 295.....	270
Dearie v. Martin, 78 Pa. St., 55	855
Deem v. Milliken, 6 O. C. C. Rep., 357.....	648
Delaney v. Linder, 22 Neb., 280.....	455
Dell v. Oppenheimer, 9 Neb., 454 ..	47
Denver & R. G. R. Co. v. Harris, 122 U. S., 607.....	415
Depuy v. Clark, 12 Ind., 427.....	765
Devore v. Woodruff, 45 N. W. Rep. (N. Dak.), 701.....	896
Dewey v. Allgire, 37 Neb., 6.....	205
Dewey v. Chicago & N. W. R. Co., 31 Ia., 373..	39
Dewey v. Lewis, 12 Neb., 306.....	859
Dewey v. Walton, 31 Neb., 824.....	612
D'Gette v. Sheldon, 27 Neb., 829.....	276
District Columbia v. Gallagher, 124 U. S., 510	458
District Court Case, 34 O. St., 440.....	283
Diversey v. Smith, 103 Ill., 378.....	175, 185
Dobbins v. Oberman, 17 Neb., 163.....	48
Dobson v. Dobson, 7 Neb., 296	701
Dodge v. Kiene, 28 Neb., 216	773
Dorr v. Shaw, 4 Johns. Ch. (N. Y.), 17.....	762
Dorsey v. Hall, 7 Neb., 460.....	612
Dorsey v. McGee, 30 Neb., 657.....	251, 516, 522, 660
Doty v. Sumner, 12 Neb., 378.....	252
Drake v. Green, 48 Kan., 534.....	855
Dudley v. Mayhew, 3 N. Y., 9	468
Dukedom of Sussex, 8 London Jur., 795.....	643
Dunham v. Courtney, 24 Neb., 627.....	254
Dunn v. Gibson, 9 Neb., 513.....	522
Durfee v. Eveland, 8 Barb. (N. Y.), 46.....	320
Dutcher v. State, 16 Neb., 30.....	251, 522

E.

Easter v. White, 12 O. St., 219.....	524
Easterly v. Barber, 65 N. Y., 252.....	183

xxx CASES CITED BY THE COURT.

	PAGE
Eaton v. Redick, 1 Neb., 305.....	821
Eckman v. Scott, 34 Neb., 817.....	19, 74, 85
Edwards v. New York & H. R. Co., 98 N. Y., 245.....	903
Edwards v. Reid, 39 Neb., 645.....	85
Elder v. Reilly, 10 N. W. Rep. (Ia.), 804.....	85
Ellis v. Karl, 7 Neb., 381.....	599, 604
Ellison v. Albright, 41 Neb., 93.....	355
Elmer v. Hall, 23 Atl. Rep. (Pa.), 971.....	896
Englebert v. Troxell, 40 Neb., 195.....	205
Enyeart v. Davis, 17 Neb., 228.....	681
Evans v. De Roe, 15 Neb., 630.....	42, 48
Everett v. Tidball, 34 Neb., 803.....	849, 852
Exchange Bank of Columbus v. Hines, 3 O. St., 1.....	364
Executors of Swartz v. Leist, 13 O. St., 419.....	687
Ex parte Kuback, 85 Cal., 274.....	147
Ex parte McNiel, 13 Wall. (U. S.), 236.....	468

F.

Farmers & Mechanics Bank of Kent County, Maryland, v. Butchers & Drovers Bank, 167 N. Y., 125	417
Farwell v. Boston & W. R. Co., 4 Met. (Mass.), 49.....	13
Farwell v. Cramer, 38 Neb., 61.....	105, 111
Farwell v. Importers & Traders Nat. Bank, 90 N. Y., 483.....	763
Felton v. Fuller, 35 N. H., 226.....	66
Fidelity Trust & Safety Vault Co. v. Mobile S. R. Co., 54 Fed. Rep., 26.....	712
Fiquet v. Allison, 12 Mich., 328.....	211
Fire Insurance Association v. Wickham, 141 U. S., 577.....	435
First Nat. Bank of Carlisle, Pennsylvania, v. Graham, 100 U. S., 699-702.....	416
First Nat. Bank of Denver v. Lowrey, 36 Neb., 290.....	71
First Nat. Bank of North Bend v. Miltonberger, 33 Neb., 847...	42
First Nat. Bank of Rapid City v. Security Nat. Bank of Sioux City, 34 Neb., 71.....	51
Fisher v. Parry, 68 Ind., 465.....	301, 302
Fitzgerald v. Anderson, 81 Wis., 341; 51 N.W. Rep., 554.....	716
Fitzgerald v. Brandt, 36 Neb., 683.....	55, 196
Fitzgerald v. Grand Trunk R. Co., 22 Atl. Rep. (Vt.), 77	463
Flash v. Conn, 109 U. S., 371.....	180, 191
Flint Plank Road Co. v. Woodhull, 25 Mich., 99.....	650
Floaten v. Ferrell, 24 Neb., 347.....	125, 213
Fosdick v. Sturges, 1 Biss. (U. S.), 255.....	486
Fox v. Meacham, 6 Neb., 530.....	55
Fremont, E. & M. V. R. Co. v. Marley, 25 Neb., 138, 139.....	737, 745
Fromont v. Coupland, 2 Bing. (Eng.), 170.....	896
Frorer v. People, 31 N. E. Rep. (Ill.), 395.....	141, 146, 147

CASES CITED BY THE COURT. xxxi

G.

	PAGE
Gadsden v. Woodward, 103 N. Y., 242	183
Gage v. Punchard, 6 Daly (N. Y.), 229	765
Galway v. Malchow, 7 Neb., 285	612
Garner v. Hudgins, 46 Mo., 399	524
Garrahy v. Kansas City, St. J. & C. B. R. Co., 25 Fed. Rep., 258...	16
Gaughran v. Crosby, 33 Neb., 33.....	254
Gayer v. Parker, 24 Neb., 643.....	80
German Ins. Co. v. Eddy, 36 Neb., 461	728
German Ins. Co. v. Fairbank, 32 Neb., 750	29
German Ins. Co. v. Heiduk, 30 Neb., 288.....	29
Gibson v. Soper, 6 Gray (Mass.), 279	205
Gifford v. Republican V. & K. R. Co., 20 Neb., 538	701
Giles v. Giles, 30 Neb., 624.....	745, 747
Gilman, C. & S. R. Co. v. Kelly, 77 Ill., 426	485, 489
Girard Fire & Marine Ins. Co. v. Marr, 46 Pa. St., 504	764
Godcharles v. Wigeman, 113 Pa. St., 431; 6 Atl. Rep., 354 ...	139, 146
Godine v. Kidd, 64 Hun (N. Y.), 585	350
Goetz v. Foos, 14 Minn., 265	524
Goldsmith v. Fuller, 30 Neb., 369.....	110
Goode v. Hawkins, 2 Dev. Eq. (N. Car.), 393	713
Goodwine v. State, 31 N. E. Rep. (Ind.), 554.....	787
Gord v. Plattsmouth Canning Co., 36 Neb., 548.....	445
Goss v. Lord Nugent, 5 B. & Ad. (Eng.), 64*.....	455
Goss v. Strelitz, 54 Cal., 640.....	855
Gould v. Kendall, 15 Neb., 549	492
Grant v. Cropsey, 8 Neb., 205.....	291
Grapengether v. Fejervary, 9 Ia., 163.....	691
Gray v. Disbrow, 36 Neb., 857	196
Green v. Brookins, 23 Mich., 48.....	524
Green v. Campbell, 14 S. E. Rep. (W. Va.), 212.....	750
Green v. Capps, 31 N. E. Rep. (Ill.), 597.....	878
Green v. Crosswell, 10 A. & E. (Eng.), 453	524
Gregory v. German Bank of Denver, 3 Col., 332	181, 184
Gregory v. Whedon, 8 Neb., 373....	59
Gridley v. City of Bloomington, 68 Ill., 47.....	903
Guest v. Opdyke, 31 N. J. Law, 552.....	211

H.

Hadden v. Collector, 5 Wall. (U. S.), 107.....	650
Hadley v. Baxendale, 9 Exch. Rep. (Eng.), 341.....	98
Haggerty v. Walker, 21 Neb., 596.....	858
Hagler v. State, 31 Neb., 144	261
Haines v. Haines, 6 Md., 435	350
Hale v. Christy, 8 Neb., 264.	18

xxxii CASES CITED BY THE COURT.

	PAGE
Hale v. Hess, 30 Neb., 42	311, 573
Hall v. First Nat. Bank of Fairfield, 30 Neb., 99.....	52
Hallenbeck v. Hahn, 2 Neb., 397	600
Hamilton v. Isaacs, 34 Neb., 709.	35, 37, 38, 71
Hamilton v. Thrall, 7 Neb., 210.....	773
Hamlin v. Meadville, 6 Neb., 227	600
Hanlon v. Union P. R. Co., 40 Neb., 52.....	890
Hanover Fire Ins. Co. v. Schellak, 35 Neb., 701.....	242
Hanscom v. City of Omaha, 11 Neb., 37.....	365, 366
Harbach v. Miller, 14 Neb., 9.....	458
Harman v. Barhydt, 20 Neb., 625	691
Harper v. City of Milwaukee, 30 Wis., 365.....	223
Harrington v. Latta, 23 Neb., 84.....	196
Harrison v. McWhirter, 12 Neb., 152.....	612
Hartford Fire Ins. Co. v. Olcott, 97 Ill., 439.....	845
Hartwell v. Kelly, 117 Mass., 235	716
Harvey v. Tyler, 2 Wall. (U. S.), 328	462
Haskell v. Valley County, 41 Neb., 234.....	157
Hastings v. Westchester Fire Ins. Co., 73 N. Y., 141.....	841, 847
Hastings School District v. Caldwell, 16 Neb., 68.....	353
Hatch v. Barrett, 8 Pac. Rep. (Kan.), 134.....	51
Hawes v. Oakland, 14 Otto (U. S.), 450.....	405
Hawthorn v. Calef, 2 Wall. (U. S.), 10.....	189
Hays v. Gallagher, 72 Pa. St., 136.....	629
Hedman v. Anderson, 6 Neb., 392	59
Helling v. New England Mortgage Security Co., 10 Neb., 611....	419
Helphrey v. Redick, 21 Neb., 80.....	276
Hennessey v. Hill, 52 Ill., 281.....	270
Herman v. Edson, 9 Neb., 152.....	821
Hershiser v. Higman, 31 Neb., 531	71
Hewitt v. Eisenbart, 36 Neb., 794	586
Hiatt v. Kinkaid, 40 Neb., 178.....69, 157, 204, 214, 217, 218, 235,	237
Hibernia Ins. Co. v. Malevinsky, 24 S. W. Rep. (Tex.), 804.....	727
Higginbottom v. Benson, 24 Neb., 461.....	880
Hix v. Drury, 5 Pick. (Mass), 296.....	319
Hoagland v. Lowe, 39 Neb., 397.....	813
Hobbs v. Henning, 17 C. B. n. s. (Eng.), 819.....	491
Hogenson v. St. Paul, M. & M. R. Co., 31 Minn., 224.....	744
Hoke v. Henderson 4 Dev. (N. Car.), 1	144
Holcomb v. Weaver, 136 Mass., 265.....	735
Holden v. James, 11 Mass., 404	144
Holland v. Challen, 110 U. S., 15.	271, 274, 275
† Holman v. Johnson, 1 Cowp. (Eng.), 341	491
Holmes v. Higgins, 1 Barn. & Cres. (Eng.), 74.....	896
Holmes v. Hutchins, 38 Neb., 601.....	353, 853, 855
Home Ins. Co. v. Myer, 93 Ill., 271	30

CASES CITED BY THE COURT. xxxiii

	PAGE
Hopkins v. Ensign, 25 N. E. Rep. (N. Y.), 306.....	712
Hopple v. Higbee, 23 N. J. Law, 342.....	66
Horn v. Bray, 51 Ind., 555.....	524
Houck v. Heinzman, 37 Neb., 463.....	112, 119
*Howell v. Roberts, 29 Neb., 483.....	176, 193
Huff v. Nims, 11 Neb., 363.....	256
Hughes v. Ins. Co. of North America, 40 Neb., 626.....	727
Hull v. Miller, 6 Neb., 128.....	186
Humphreys v. McKissock, 140 U. S., 311, 312.....	430
Hunt v. Elliott, 41 Am. Rep. (Ind.), 794; 80 Ind., 245.....	712
Hurford v. City of Omaha, 4 Neb., 352.....	643
Hurlburt v. Palmer, 39 Neb., 158.....	897, 901
Hurley v. Cox, 9 Neb., 230.....	199
Hussey v. King, 3 S. E. Rep. (N. Car.), 926.....	417
Hyatt v. Taylor, 42 N. Y., 258.....	650
Hyde v. Cooper, 26 Vt., 552.....	63

I.

Imhoff v. House, 36 Neb., 28.....	720
Indianapolis, D. & S. R. Co. v. Ervin, 118 Ill., 250; 27 Am. & Eng. R. Cas., 8.....	463
Indianapolis, P. & C. R. Co. v. Collingwood, 71 Ind., 476.....	629
Indianapolis, P. & C. R. Co. v. Thomas, 84 Ind., 197.....	629
Ingram v. State, 24 Neb., 37.....	785
In re Ambrose Lake Tin & Copper Mining Co., L. R., 14 Ch. Div. (Eng.), 390.....	485
In re Estate of Hill, 67 Cal., 238.....	520
In re Powers, 25 Vt., 261.....	650
In re State Warrants, 25 Neb., 659.....	284

J.

Jaffee v. Jacobson, 1 C. C. A., 24.....	350
James v. Fulcroed, 5 Tex., 512.....	713
James v. Morey, 2 Cow. (N. Y.), 246.....	687
Jamison v. Moon, 43 Miss., 598.....	66
Jeffrey v. Fleming, 26 Neb., 685.....	18
Jenkins v. Frink, 30 Cal., 586.....	712
Jenkins v. Mitchell, 40 Neb., 664.....	69
Jenner v. Joliffe, 9 Johns. (N. Y.), 384.....	64
Jennings v. Simpson, 12 Neb., 558.....	419
Jerdee v. State, 30 Wis., 170.....	787
Jewell v. Weed, 18 Minn., 272.....	650
Jewett v. Osborne, 33 Neb., 24.....	235
Johnson v. Hoffman, 53 Mo., 504.....	211
Johnson v. Hubbell, 66 Am. Dec. (N. J.), 773.....	347

xxxiv CASES CITED BY THE COURT.

	PAGE
Johnson v. Missouri P. R. Co., 18 Neb., 690.....	126
Johnson v. St. Paul & D. R. Co., 43 Minn., 224.....	142
Jones v. Hayes, 36 Neb., 526.....	54, 251
Jones v. Loree, 37 Neb., 816.....	35, 37, 38, 71
Josslyn v. Commonwealth, 6 Met. (Mass.), 236.....	265

K.

Keim v. Avery, 7 Neb., 54.....	681
Keith v. Tilford, 12 Neb., 273.....	471, 501
Kelsey v. Hibbs, 13 O. St., 340.....	524
Kemp v. Small, 32 Neb., 318.....	880
Kennedy v. Goodman, 14 Neb., 585.....	779
Kent v. Mahaffey, 10 O. St., 204.....	650
Kentucky & Indiana Bridge Co. v. Louisville & N. R. Co., 34 Am. & Eng. R. Cas., 653.....	464
Kerkow v. Bauer, 15 Neb., 150.....	699
Kilpatrick-Koch Dry Goods Co. v. McPheely, 37 Neb., 800.....	70
Kinnaird v. Standard O. I Co., 89 Ky., 468.....	669
Kirchoff v. Union Mutual Life Ins. Co., 33 Ill. App., 607.....	877
Kirkendall v. Davis, 41 Neb., 285.....	697
Kittle v. Shervin, 11 Neb., 80, 81.....	365
Kittle v. St. John, 10 Neb., 605.....	612
Kling v. Sejour, 4 La. Ann., 128.....	302
Knight v. Norris, 13 Minn., 473.....	534
Knox v. Baldwin, 80 N. Y., 610.....	181, 183
Knox v. Williams, 24 Neb., 630.....	42, 48
Koehler v. Clearly, 23 Minn., 325.....	320
Koehler v. Dodge, 31 Neb., 328.....	751, 753
Korminsky v. Korminsky, 21 N. Y. Supp., 611.....	350
Kruschke v. Stefan, 83 Wis., 373.....	896

L.

Labaree v. Klosterman, 33 Neb., 156.....	287
Laidlou v. Hatch, 75 Ill., 11.....	435
Lamb v. Briggs, 22 Neb., 139.....	252
Landauer v. Mack, 39 Neb., 8.....	71
Lane v. Dorman, 2 Scam. (Ill.), 240.....	144
Langdon v. Conklin, 10 O. St., 439.....	79
Langton v. Hughes, 1 Man. & Sel. (Eng.), 593.....	491
Larsen v. James, 29 Pac. Rep. (Col.), 183.....	184
Lean v. Andrews, 38 Neb., 656.....	202
Lee v. Clark, 1 S. W. Rep. (Mo.), 142.....	687
Leech v. Philpott, 12 Neb., 577.....	254
Leep v. St. Louis, I. M. & S. R. Co., 25 S. W. Rep. (Ark.), 75 ...	146
Leonard v. White Cloud Ferry Co., 11 Neb., 340.....	612

CASES CITED BY THE COURT. xxxv

	PAGE
<i>Lessee of Frost v. Frostburg Coal Co.</i> , 24 How. (U. S.), 278.....	758
<i>Levi v. Fred</i> , 38 Neb., 564.....	698
<i>Lightfoot v. Tenant</i> , 1 B. & P. (Eng.), 551.....	491
<i>Lillstrom v. Northern P. R. Co.</i> , 55 N. W. Rep. (Minn.), 624.....	627
<i>Lincoln Brick Works v. Hall</i> , 27 Neb., 874.....	701
<i>Lincoln Nat. Bank v. Davis</i> , 25 Neb., 376.....	42
<i>Lingenfelder v. Wainwright Brewery Co.</i> , 15 S. W. Rep. (Mo.), 847.....	435
<i>Live Stock Dealers & Butchers Association v. Crescent City Live Stock Landing & Slaughter House Co.</i> , 1 Abb. (U. S.), 388.....	146
<i>Livermore v. Maxwell</i> , 55 N. W. Rep. (Ia.), 37.....	687
<i>Lloyd v. Lynch</i> , 28 Pa. St., 419.....	100
<i>Long v. Clapp</i> , 15 Neb., 417.....	98, 251, 522
<i>Lord v. State</i> , 17 Neb., 526.....	472
<i>Lorillard v. Clyde</i> , 86 N. Y., 384.....	485
<i>Love v. Bryson</i> , 57 Ark., 589.....	275
<i>Lowe v. City of Omaha</i> , 33 Neb., 587.....	243
<i>Lyman v. City of Lincoln</i> , 38 Neb., 794.....	655, 659

M.

<i>McClure v. Burris</i> , 16 Ia., 591.....	687
<i>McDonald v. Bowman</i> , 40 Neb., 269.....	69, 157, 204, 237
<i>McDonald v. Early</i> , 15 Neb., 63.....	274
<i>McDonald v. McAllister</i> , 32 Neb., 514.....	55
<i>M'Elwee v. Bridgeport Land & Improvement Co.</i> , 54 Fed. Rep., 629.....	311
<i>McEwen v. Den</i> , 24 How. (U. S.), 242.....	462
<i>McKeighan v. Hopkins</i> , 19 Neb., 33.....	876
<i>McKinnon v. McKinnon</i> , 5 C. C. A., 530.....	350
<i>McLaughlin v. Salley</i> , 46 Mich., 219.....	211
<i>McLaughlin v. Sandusky</i> , 17 Neb., 110.....	84, 419
<i>McLeod v. Humeston & S. R. Co.</i> , 33 N. W. Rep. (Ia.), 246.....	320
<i>McMurtry v. State</i> , 19 Neb., 147.....	832
<i>McNish v. Reynolds</i> , 95 Pa. St., 483.....	455
<i>McPhee v. O'Rourke</i> , 3 Am. St. Rep., 579; 10 Col., 301.....	82
<i>Maffet v. Ijama</i> , 103 Pa. St., 266.....	712
<i>Manning v. Cunningham</i> , 21 Neb., 288.....	196
<i>Mansfield v. Gregory</i> , 11 Neb., 297.....	612
<i>Marie v. Garrison</i> , 83 N. Y., 14.....	712
<i>Marsh v. Burley</i> , 13 Neb., 261.....	60
<i>Martin v. Hunter</i> , 1 Wheat. (U. S.), 334.....	468
<i>Martin v. State Ins. Co.</i> , 44 N. J. Law, 485.....	30
<i>Mason v. Black</i> , 87 Mo., 329.....	276
<i>Meagher v. Driscoll</i> , 99 Mass., 281.....	66
<i>Meister v. Birney</i> , 24 Mich., 440.....	291
<i>Merchants Bank of New Haven v. Bliss</i> , 35 N. Y., 412.....	182, 183

xxxvi CASES CITED BY THE COURT.

	PAGE
Merchants Nat. Bank v. Glendon Co., 120 Mass., 97.....	758
Merriam v. Hemple, 17 Neb., 345.....	353
Merriam v. Miller, 22 Neb., 218.....	199
Merrills v. Tariff Mfg. Co., 10 Conn., 384.....	86
Messenger v. Pennsylvania R. Co., 36 N. J. Law, 407.....	463
Mewhirter v. Hatten, 42 Ia., 288.....	580, 592
Meyer v. Hanchett, 43 Wis., 246.....	735
Milburn v. Codd, 7 Barn. & Cres. (Eng.), 419.....	896
Miller v. Antelope County, 35 Neb., 237.....	196
Miller v. Burlington & M. R. R. Co., 8 Neb., 219.....	418
Miller v. White, 50 N. Y., 137.....	183
Millett v. People, 117 Ill., 294.....	141, 147
Mills v. Brown, 11 Ia., 314.....	524
Mills v Redick, 1 Neb., 437.....	716
Mills County v. Hamaker, 11 Ia., 209.....	787
Missouri P. R. Co. v. Baier, 37 Neb., 235, 236.....	126, 590
Missouri Valley Land Co. v. Bushnell, 11 Neb., 192.....	612
Mitchell v. Hotchkiss, 48 Conn., 9.....	185
Monell v. Terwilliger, 8 Neb., 360.....	834
Morgan v. Bergen, 3 Neb., 209.....	875
Morrissey v. Chicago, B. & Q. R. Co., 38 Neb., 406.....	904
Mueller v. Bethesda Mineral Spring Co., 50 N. W. Rep. (Mich.), 319.....	573
Mulhollan v. Scoggin, 8 Neb., 202.....	856, 859
Munde v. Lambie, 125 Mass., 367.....	319
Murphy v. State, 15 Neb., 383.....	93
Murray v. Gibson, 15 How. (U. S.), 421.....	462
Murray v. Mace, 41 Neb., 60.....	809
N.	
Nash v. Baker, 37 Neb., 713.....	564
National Bank of Metropolis v. Sprague, 20 N. J. Eq., 159.....	712
National Life Ins. Co. v. Robinson, 8 Neb., 452.....	788
Nebraska & Iowa Ins. Co. v. Christensen, 29 Neb., 582.....	213
Neely v. McClure, 1 Cen. Rep. (Pa.), 230.....	712
Neil v. Abel, 24 Wend. (N. Y.), 185.....	318
Nelson v. Hurford, 11 Neb., 465.....	48
New Jersey Steamboat Co. v. Brockett, 121 U. S., 637.....	416
New York Mutual Life Ins. Co. v. Armstrong, 117 U. S., 591, 599, 637, 639, 645, 646.....	
New York & N. H. R. Co. v. Schuyler, 34 N. Y., 30.....	417
Newell v. Wagness, 44 N. W. Rep. (N. Dak.), 1014.....	119
Newman v. Mueller, 16 Neb., 523.....	291
Nexsen v. Lyell, 5 Hill (N. Y.), 466.....	765
Nichols v. Walter, 37 Minn., 264.....	141
Norman v. Heist, 5 W. & S. (Pa.), 171.....	143

CASES CITED BY THE COURT. xxxvii

	PAGE
Norris v. Crocker, 13 How. (U. S.), 429.....	181
Northeastern N. R. Co. v. Frazier, 25 Neb., 42.....	92
Nugent v. Powell, 33 Pac. Rep. (Wyo.), 23.....	750

O.

Ogden v. Saunders, 12 Wheat. (U. S.), 214.....	464
Ogle v. Turpin, 102 Ill., 148.....	687, 689
Olive v. State, 11 Neb., 1.....	538, 539
Omaha, N. & B. H. R. Co. v. O'Donnell, 22 Neb., 476.....	126
Omaha & R. V. R. Co. v. Brady, 39 Neb., 27.....	167, 173, 865
Omaha & R. V. R. Co. v. Chollette, 33 Neb., 143.....	578, 584, 587
Omaha & R. V. R. Co. v. Clarke, 39 Neb., 65.....	865
Omaha & R. V. R. Co. v. Morgan, 40 Neb., 604.....	630
Omaha & R. V. R. Co. v. Standen, 22 Neb., 343.....	671
Oppenheimer v. McClay, 30 Neb., 654.....	701
Orchard v. School District, 14 Neb., 378.....	599, 603
Orton v. Schofield, 61 Wis., 382.....	735
Osborne v. Schoonmaker, 28 Pac. Rep., 711; 47 Kan., 667.....	85
Osgood v. King, 42 Ia., 478.....	486
Otoe County v. Mathews, 18 Neb., 470.....	354
Owens v. Owens, 100 N. Car., 240.....	647

P.

Painter v. Steffen, 54 N. W. Rep. (Ia.), 229.....	84, 85
Palmer v. City of Lincoln, 5 Neb., 136.....	223
Pape v. Capitol Bank, 20 Kan., 440.....	758
Parxon v. Valley Land Co., 67 Miss., 96.....	276
Pearson v. Kansas Mfg. Co., 14 Neb., 211.....	213
Pennoyer v. Neff, 95 U. S., 714.....	902
Pensacola Gas Co. v. Pebley, 25 Fla., 381.....	669
People v. Albertson, 55 N. Y., 50.....	283
People v. Allen, 42 N. Y., 404.....	283
People v. Gillson, 109 N. Y., 389.....	146, 147
People v. Parks, 58 Cal., 635.....	283
People v. Utica Ins. Co., 15 Johns. (N. Y.), 358.....	284
Perley v. Spring, 12 Mass., 296.....	524
Peters v. Dunnells, 5 Neb., 460.....	199
Peters v. Parsons, 18 Neb., 191.....	90
Phenix Ins. Co. v. Covey, 41 Neb., 724.....	729
Phenix Ins. Co. of Brooklyn v. Dungan, 37 Neb., 468.....	727
Philadelphia, W. & B. R. Co. v. Quigley, 21 How. (U. S.), 202... ..	415
Phillips v. Milwaukee & N. R. Co., 46 N. W. Rep. (Wis.), 543... ..	625
Phippen v. Stickney, 3 Met. (Mass.), 385.....	712
Pier v. Nanmore, 86 N. Y., 95.....	183
Pitney v. Glens Falls Ins. Co., 65 N. Y., 6.....	847

xxxviii CASES CITED BY THE COURT.

	PAGE
Porter v. Sabin, 149 U. S., 473.....	496
Potter v. Brown, 35 Mich., 274	524
Powell v. Smith, 8 Johns. (N. Y.), 248	520
Price v. Pittsburgh, F. W. & C. R. Co., 34 Ill., 13.....	684
Prout v. Lomer, 79 Ill., 331.....	762

Q.

Quincy v. Steel, 120 U. S., 244.....	430
--------------------------------------	-----

R

Railway Conductors Mutual Aid & Benefit Association v. Loomis, 43 Ill. App., 599; 32 N. E. Rep. (Ill.), 424.....	548, 560
Randolph v. Wood, 49 N. J. Law, 88	142
Rankin v. Major, 9 Ia., 297.....	691
Rathbun v. McConnell, 27 Neb., 239.....	59, 458
Rawlins v. Kennard, 26 Neb., 181.....	90
Real v. Hollister, 17 Neb., 661; 20 Neb., 112.....	251, 451, 522
Rector v. Canfield, 40 Neb., 595.....	888
Reeves v. Hayes, 95 Ind., 521.....	687
Renfrew v. Willis, 33 Neb., 98.....	821
Reynolds v. Crawfordsville First Nat. Bank., 112 U. S., 405.....	275
Reynolds v. Nugent, 25 Ind., 328.....	270
Rhodes v. Rhodes, 3 Sandf. Ch. (N. Y.), 279.....	347
Rice v. Wood, 113 Mass., 133.....	735
Rich v. Stretch, 4 Neb., 186.....	834
Richards v. Commissioners, Clay County, 40 Neb., 45.....	471
Richards v. Kountze, 4 Neb., 200.....	47, 48
Richardson v. Doty, 25 Neb., 424.....	681
Riggs v. Palmer, 115 N. Y., 506, 637, 639, 641, 642, 644, 645, 646, 647, 650	
Riggs v. Sterling, 1 Am. St. Rep., 554; 60 Mich., 643.....	83
Riley v. Burroughs, 41 Neb., 296.....	692
Ripley v. Etna Ins., 30 N. Y., 136.....	30
Ritchie v. Judd, 27 N. E. Rep. (Ill.), 682.....	712
Robbins v. City of Chicago, 4 Wall. (U. S.), 657.....	223
Roberts v. Hershiser, 20 Neb., 594.....	254
Robinson v. Swearingin, 17 S. W. Rep. (Ark.), 365.....	85
Rogers v. Benton, 38 N. W. Rep. (Minn.), 765.....	878
Rogers v. Empkie Hardware Co., 24 Neb., 653.....	876
Roggencamp v. Dobbs, 15 Neb., 620.....	55
Ruth v. Lowrey, 10 Neb., 260.....	472

S.

Salt Lake City v. Hollister, 118 U. S., 256-260	416
Sample v. Hale, 34 Neb., 220.....	655, 658, 660

CASES CITED BY THE COURT. xxxix

	PAGE
San Antonio & A. P. R. Co. v. Wilson, 19 S. W. Rep. (Tex.), 910...	145
Sanders v. Gillespie, 59 N. Y., 250.....	524
Sandford v. Sornborger, 26 Neb., 295.....	829
Savage v. Aiken, 21 Neb., 605	353, 779
Schaeffer v. Berry, 62 Tex., 705.....	303
Schofield v. Lake Shore & M. C. R. Co., 43 O. St., 571; 23 Am. & Eng. R. Cas., 612.....	463
School District v. Estes, 13 Neb., 52.....	59, 458
Schroeder v. Rinehard, 25 Neb., 75.....	254
†Schultz v. Chicago & N. W. R. Co., 67 Wis., 616.....	10
Schuyler Nat. Bank v. Bollong, 37 Neb., 620..	501
Scott v. Chope, 33 Neb., 41.....	251
Scott v. Depeyster, 1 Edw. Ch. (N. Y.), 513.....	284
Scott v. Field, 75 Ala., 419	687
Scribner v. Collar, 40 Mich., 375	735
Scudder v. Union Nat. Bank, 91 U. S., 406, 413.....	305
Search v. Miller, 9 Neb., 26.....	252
Seawright v. Parmer, 7 So. Rep. (Ala.), 201	878
Severance v. Leavitt, 16 Neb., 439.....	60
Shahan v. Swan, 26 N. E. Rep. (O.), 222	348
Shamp v. Meyer, 20 Neb., 223.....	655, 659
Sharkey v. McDermott, 91 Mo., 655; 60 Am. Dec., 270.....	349
* Shellenberger v. Ransom, 31 Neb., 61	632
Sherwin v. Brigham, 39 O. St., 137	435
Shirley v. Ayers, 14 O., 308.....	684
Shoemaker v. Smith, 37 Ind., 122	284
Simpson v. Jennings, 15 Neb., 671.....	149, 150
Sims v. Glazener, 14 Ala., 695.....	66
Singleton v. Boyle, 4 Neb., 414.....	196
Sioux City & P. R. Co. v. Stout, 17 Wall. (U. S.), 657.....	174
Slaughter House Cases, 16 Wall. (U. S.), 36.....	146
Slaven v. Hellman, 24 Neb., 646	701
Smith v. Borden, 22 Neb., 487.....	834
Smith v. Greenlee, 2 Dev. Law (N. Car.), 126.....	713
Smith v. Hurd, 12 Met. (Mass.), 385.....	430
Smith v. Spaulding, 34 Neb., 128; 40 Neb., 339	17, 19, 196
Smith v. Ullman, 58 Md., 183.....	713
Smull v. Jones, 6 Watts & S. (Pa.), 122.....	712
Society Perun v. City of Cleveland, 43 O. St., 481.....	758
Sohn v. Waterson, 17 Wall. (U. S.), 596.....	462
Sonnenschein v. Bartels, 37 Neb., 592.....	703, 704
Southern Wire Co. v. St. Louis Bridge & Tunnel R. Co., 38 Mo. App., 191.....	462
Southwick v. Sax, 9 Wend. (N. Y.), 122	765
Sprick v. Washington County, 3 Neb., 243.....	152
Squire v. Wright, 48 N. W. Rep. (Mich.), 286.....	879

	PAGE
Stabler v. Gund, 35 Neb., 648, 651.....	681, 693
Stanberry v. Cattell, 55 Ia., 617.....	896
Stanley v. Valentine, 79 Ill., 544.....	683
State v. Babcock, 21 Neb., 187.....	599, 601, 602
State v. Bartley, 40 Neb., 298.....	283, 284
State v. Birkhauser, 37 Neb., 521.....	362, 601
State v. Brady, 14 Vt., 353.....	265
State v. Brandon, 7 Kan., 106.....	265
State v. Crabtree, 35 Neb., 106.....	605
State v. Dodge County, 8 Neb., 124.....	364
State v. Doherty 60 Me., 509.....	143, 144
State v. Donaldson, 41 Minn., 74.....	142
State v. Fire Creek Coal & Coke Co, 33 W. Va., 188; 10 S. E. Rep., 288.....	141
State v. Goodwill, 33 W. Va., 179; 10 S. E. Rep., 285.....	140, 146
State v. Hayden, 45 Ia., 12.....	265
State v. Holmes, 38 N. H., 225.....	464
State v. Jager, 19 Wis., 235.....	785
State v. Kelly, 30 Neb., 574.....	261
State v. Liedtke, 9 Neb., 468.....	650
State v. Loomis, 22 S. W. Rep. (Mo.), 350.....	136, 145, 147
State v. Morris & E. R. Co., 23 N. J. Law, 369.....	416
State v. Mushied, 12 Wis., 561.....	785
State v. Nelson, 21 Neb., 572.....	599, 605
State v. Nemaha County, 10 Neb., 32.....	605
State v. School District, 10 Neb., 544.....	599, 602
State v. School District, 13 Neb., 82.....	599, 603
State v. School District, 13 Neb., 466.....	603
State v. Schroeder, 37 Neb., 571.....	745, 746, 747
State v. Scott, 22 Neb., 628.....	257, 258
State v. Sheriff of Ramsey County, 51 N. W. Rep. (Minn.), 112...	141
State v. Simons, 2 Spears (S. Car.), 767.....	143
*State v. Sioux City & P. R. Co., 7 Neb., 357.....	271, 273, 274, 276
State v. Zeitler, 35 Minn., 238.....	787
State, ex rel. Board of Supervisors of Holt County, v. Hazelet, 41 Neb., 257.....	263
State Ins. Co. v. Schreck, 27 Neb., 527.....	28
State Savings Bank v. Scott, 10 Neb., 83.....	19
State Savings Bank of Missouri v. Scott, 10 Neb., 86.....	42
Steam Engine Co. v. Hubbard, 101 U. S., 188.....	185
Stearns v. Irwin, 62 Ind., 558.....	516, 520
Steel v. Phenix Ins. Co., 47 Fed. Rep., 863.....	30
Stevens v. Howe, 28 Neb., 547.....	126
Stevenson v. Craig, 12 Neb., 464.....	19
St. Louis Wrought Iron Range Co. v. Meyer, 31 Neb., 543.....	291
Stokes v. Stickney, 96 N. Y., 323.....	183

CASES CITED BY THE COURT.

xli

	PAGE
Stone v. Mattingly, 19 S. W. Rep. (Ky.), 402	896
St. Paul Fire & Marine Ins. Co. v. McGregor, 63 Tex., 399	30
Stryker v. Cassidy, 76 N. Y., 50	534
Studebaker v. McCargur, 20 Neb., 500	689, 691
Sturges v. Burton, 8 O. St., 215	199
Sturges v. Stetson, 1 Biss. (U. S.), 246	486
Sturtevant v. State, 15 Neb., 459	745, 746
Succession of Cassidy, 40 La. Ann., 827; 5 So. Rep., 292	303
Succession of Larendon, 39 La. Ann., 952; 3 So. Rep., 219 ...	302, 304
Suiter v. Park Nat. Bank, 35 Neb., 372	42
Sutton v. Hayden, 62 Mo., 101	348
Swift v. Philadelphia & R. R. Co., 58 Fed. Rep., 858	468, 501
Swift v. Tyson, 16 Pet. (U. S.), 1	753
Switzer v. Skiles, 3 Gilman (Ill.), 529	712
Sycamore Marsh Harvesting Machine Co. v. Sturm, 13 Neb., 210 ..	98

T.

Tallon v. Ellison, 3 Neb., 63	59
Taylor v. Bradley, 39 N. Y., 129	211
Taylor v. Courtney, 15 Neb., 190	199
Taylor v. Porter, 4 Hill (N. Y.), 144	144
Taylor v. Ryan, 15 Neb., 573	63
Tecumseh Town Site Case, 3 Neb., 284	471
Tenant v. Goldwin, 1 Salk. (Eng.), 360	905
The Moses Taylor, 4 Wall. (U. S.), 429	468
Third Nat. Bank v. Harrison, 10 Fed. Rep., 243	762
Thomas v. Cook, 8 Barn. & Cr. (Eng.), 728 ..	524
Thompson v. People, 4 Neb., 524	264
Thompson v. Phenix Ins. Co., 136 U. S., 287	30
Thorpe v. Rutland & B. R. Co., 27 Vt., 140	464
Thrall v. Smiley, 9 Cal., 529	320
Tillotson v. Prichard, 14 Atl. Rep. (Vt.), 302	304
Tobey v. Robinson, 99 Ill., 222	485
Todd v. Cremer, 36 Neb., 430	691
Tootle v. White, 4 Neb., 401	878
Tower v. Fetz, 26 Neb., 706	876, 877
Treadwell v. Brooks, 60 Conn., 262	687
Trumble v. Trumble, 37 Neb., 340	127, 134
Twenty Per Cent Cases, 20 Wall. (U. S.), 179	462

U.

Union Ins. Co. v. Barwick, 36 Neb., 223	28
Union Nat. Bank v. Roberts, 45 Wis., 373	765
Union P. R. Co. v. Porter, 38 Neb., 226	587
Union Stock Yards Co. v. Conoyer, 38 Neb., 488	617

xlili CASES CITED BY THE COURT.

	PAGE
United States v. Bostwick, 94 U. S., 53	435
United States v. Fisher, 2 Cranch (U. S.), 358	643
United States v. Heth, 3 Cranch (U. S.), 398	462
Upjohn v. Richland Township, 46 Mich., 542	668
Uppfalt v. Woerman, 30 Neb., 189	80

V.

Van Dyne v. Vreeland, 11 N. J. Eq., 370.....	344
Van Tine v. Van Tine, 15 Atl. Rep. (N. J.), 249.....	345
Vanderbilt v. Schreyer, 91 N. Y., 392.....	435
Vannice v. Bergen, 16 Ia., 555.....	687
Veeder v. Baker, 83 N. Y., 156.....	183
Victory Webb Printing & Folding Machine Mfg. Co. v. Beecher, 97 N. Y., 651.....	181, 183
Village of Jefferson v. Chapman, 127 Ill., 438.....	221
Vincent v. State, 37 Neb., 672.....	235, 236
Vogel v. Melms, 31 Wis., 306.....	524
Von Steen v. City of Beatrice, 36 Neb., 421.....	361, 362, 601
Vreeland v. Boyle, 37 N. J. Law, 346.....	855

W.

Walker v. Osgood, 98 Mass., 348.....	735
Walker v. Schreiber, 47 Ia., 529.....	680, 691
Walker v. Wonderlick, 33 Neb., 504.....	806
Wanzer v. State, 41 Neb., 238.....	697
Ward v. Parlin, 30 Neb., 376.....	681
Ward v. Urmson, 40 Neb., 695.....	54
Wardell v. Union P. R. Co., 103 U. S., 651.....	492, 493
Warner v. Abbey, 112 Mass., 355.....	210
Warren v. Demary, 33 Neb., 327.....	276
Washington v. State, 13 Ark., 752.....	364
Weaver v. Coumbe, 15 Neb., 167.....	612
Weed v. Hamburg-Bremen Fire Ins. Co., 31 N. E. Rep. (N. Y.), 231.....	848
Weid v. Oliver, 21 Pick. (Mass.), 559.....	211
Wells v. Preston, 3 Neb., 444.....	196
Welton v. State of Missouri, 91 U. S., 282	468
Wenzler v. People, 58 N. Y., 516.....	283
Westchester Fire Ins. Co. v. Coverdale, 29 Pac. Rep. (Kan.), 682, 844, 848	
White v. Blum, 4 Neb., 555.....	176, 191
White Lake Lumber Co. v. Stone, 19 Neb., 402.....	84
Whitney v. Whitman, 5 Mass., 405.....	319
Wicker v. Hoppock, 6 Wall. (U. S.), 94	712
Wiffen v. Roberts, 1 Esp. (Eng.), 261.....	765

CASES CITED BY THE COURT. xliii

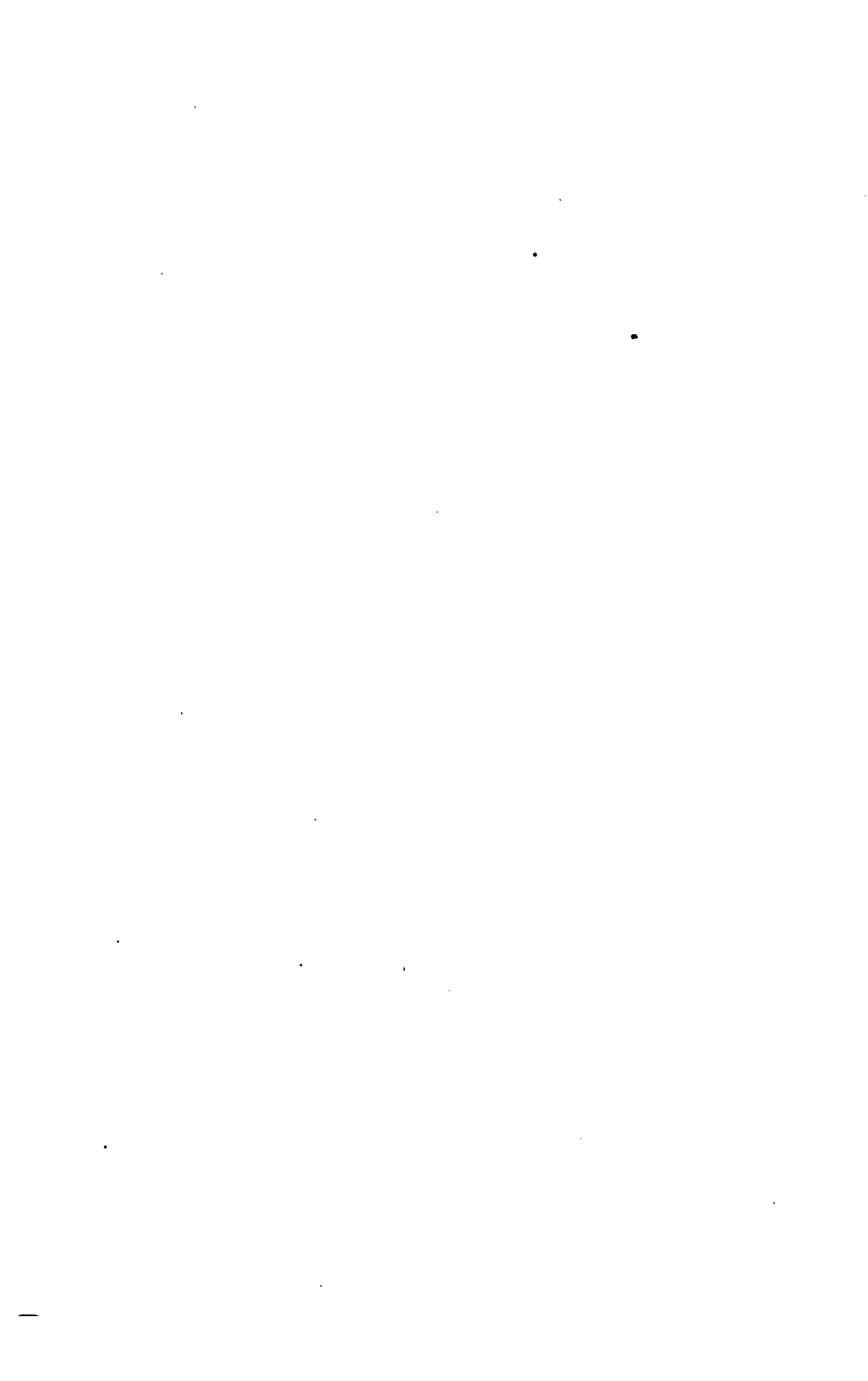
	PAGE
Wiggenhorn v. Kountz, 23 Neb., 690	522
Wiles v. Suydam, 64 N. Y., 173.....	183
Wiley v. Shars, 21 Neb., 712	90
Wilkinson v. Carter, 22 Neb., 186.....	235, 238
Willard v. Foster, 24 Neb., 213	681
Williams v. Evans, 6 Neb., 216.....	147, 148
Williamson v. Kokomo Building & Loan Fund Association, 89 Ind., 389.....	758
Willis v. Long Island R. Co., 32 Barb. (N. Y.), 398	589
Wilmer v. Overseers of Poor of Worth Township, 104 Pa. St., 307, 435	435
Withers v. Ewing, 40 O. St., 400.....	270
Withnell v. City of Omaha, 37 Neb., 621.....	54, 251
Witter v. Hoover, 24 Neb., 605.....	84
Wofford v. Bailey, 57 Miss., 239.....	276
Wohlenberg v. Melchert, 35 Neb., 803.....	295
Womersley v. Church, 17 L. T. Rep., n. s. (Eng.), 190.....	667
Woodbury v. Berry, 18 O. St., 456.....	650
Woodbury v. City of Anoka, 54 N. W. Rep. (Minn.), 187.....	320
Woodham v. Gelston, 1 Johns. (N. Y.), 134.....	66
Wooley v. Carter, 7 N. J. Law, 85.....	66
Worley v. Hineman, 33 N. E. Rep. (Ind.), 261	301, 302
Wortendyke v. Meehan, 9 Neb., 221, 229	42, 48
Worthington v. Worthington, 32 Neb., 338.....	419
Wright v. Wright, 58 N. W. Rep. (Mich.), 54	347
Wullenwaber v. Dunigan, 30 Neb., 877	600

Y.

Yale v. Edgerton, 14 Minn., 194	524
Yeaton v. United States, 5 Cranch (U. S.), 281.....	181
Younglove v. Liebhardt, 13 Neb., 557	896

Z.

Zaegel v. Kuster, 7 N. W. Rep. (Wis.), 781	879
Zimmerman Mfg. Co. v. Tower, 40 Neb., 306	692, 693



STATUTES AND CONSTITUTIONAL PROVISIONS

CITED AND CONSTRUED.

Figures in () indicate corresponding sections in Consolidated Statutes.

STATE.

SESSION LAWS.

	1887.	PAGE
P. 308, ch. 14. Property used for religious purposes; exemption from special taxation.....	358, 362, 363, 368	
	1891.	
P. 199, ch. 13, sec. 3. Clause repealing section 136 of chapter 16, Compiled Statutes, 1889.....	176, 180	
P. 347, ch. 50. Provision for depositing state and county funds in banks.....	651, 658	
P. 354, ch. 50, sec. 11. Liability of treasurer for money on deposit in banks.....	653	
Pp. 361, 362, ch. 54. Eight hour law.....	127, 133, 134, 147	

GENERAL STATUTES.

	1873.	
Ch. 11, sec. 1, p. 202. Liability of company for failure to fence railroad.....	588	
Ch. 11, sec. 136, p. 200 (sec. 136, ch. 16, Comp. Stats., 1889). Liability of stockholders for failure of corporation to publish notice of indebtedness of corporation,	176, 180, 187, 188, 192, 193, 195	

COMPILED STATUTES.

	1889.	
Ch. 16, sec. 136. Liability of stockholders; notice of indebtedness.....	176, 180	
	1893.	
Ch. 6, sec. 1 (231). Voluntary assignments.....	70	
Ch. 13a, art. 1, sec. 36 (2518). Unliquidated claims against cities of the first class.....	575, 576	

	PAGE
Ch. 16, sec. 110 (573). Law exempting carriers from liability for damages to passengers who are injured on platform of moving trains.....	580, 585, 589
Ch. 18, sec. 23 (867). Power of county boards.....	653
sec. 39 (883). Trial of appeals from county boards....	237, 238
Ch. 19, secs. 39, 57 (1057, 1059). Jurisdiction of district judges at chambers.....	885
Ch. 21 (1392, 1393). Damages for death by wrongful act.....	644
Ch. 23, sec. 30 (1124). Real property; order of descent....	632, 637, 650
Ch. 28, sec. 42 (3043). Fees of county officers.....	259
sec. 43 (3044). Duty of county clerk to report fees.....	259
sec. 44 (3045). Duty of county officers to enter costs upon fee book	259
sec. 45 (3046). Penalty for failure of county officer to enter and report fees.....	262
sec. 46a (1121). County judge's clerk.....	701
Ch. 32, sec. 3 (1785). Statute of frauds; conveyances of land,	874, 875
sec. 8 (1790). Agreements in writing.....	516, 523, 874, 875
sec. 11 (1793). Presumption of fraud where mortgagor retains possession of chattels	56, 60
sec. 20 (1802). Fraudulent intent; question of fact.....	38, 71
sec. 25 (1807). Agents; authority to sign instruments,	874, 875
sec. 28 (1810). Fraudulent transfer of property	827
Ch. 36, secs. 1, 2 (1961, 1962). Homestead; exemption.....	80, 83
sec. 5 (1965). Procedure to obtain exemption; appraisal	81
sec. 15 (1975). Homestead; head of family.....	81
Ch. 37, sec. 1 (1977). Illegitimate children; proceedings before justice of the peace.....	785, 850, 851
sec. 6 (1982). Bastardy; judgment upon conviction	787
Ch. 44, sec. 2 (2022). Rate of interest.....	472
Ch. 54, sec. 1 (2155). Persons entitled to mechanics' liens	533
sec. 3 (2157). Mechanics' liens; limitation	198, 199, 233
Ch. 61, sec. 1 (3214). Notaries public.....	535
Ch. 72, art. 1, sec. 3 (572). Liability of carriers for injuries to passengers.....	577, 587
Ch. 73, secs. 57, 58, 59 (4391-4393). Actions to quiet title; procedure	271, 273, 274
Ch. 77, sec. 2 (3898). Property exempt from taxation.....	362
Ch. 79, sub. 14, sec. 1 (3899). Property of school districts.....	596
sub. 15, secs. 1, 2 (4228, 4229). School districts; voting and issuing bonds.....	596
sec. 3 (4230). Petition for issuance of bonds,	594, 596

TABLE OF STATUTES.

xlvii

	PAGE
Ch. 80, art. 1, sec. 25 (3840). Investment of permanent school fund.....	278, 282
Ch. 89, sec. 19 (1557). Drainage contracts; supervision of work; payment.....	908
sec. 20 (1558). Provision for reletting drainage contracts,	905, 906, 907

CODE OF CIVIL PROCEDURE.

Sec. 19 (4555). Civil actions; when commenced.....	198, 199
Sec. 65 (4603). Issuance of summons to different counties.....	213
Sec. 77 (4615). Summons; service by publication.....	897, 902
Sec. 81 (4619). Personal service of summons out of state,	897, 901, 902
Secs. 94, 96 (4634-4636). Waiver of defects in petition.....	23
Sec. 99 (4639). Defense to civil action.....	901
Sec. 104 (4644). Set-off; pleading.....	149, 150
Sec. 150 (4687). Consolidation of actions.....	201
Sec. 192 (4701). Replevin; assessment of damages.....	252
Sec. 283 (4803). Procedure in jury trial.....	203
Sec. 314 (4835). Grounds for new trial.....	53, 236
Sec. 316 (4837). Time to file motion for new trial.....	55
Sec. 343 (4863). Subscribing witnesses; proof of execution of instrument.....	255
Sec. 372 (4892). Depositions.....	118, 851
Sec. 413 (4933). Proof of judicial records.....	149, 151
Sec. 430 (4954). Right of plaintiff to dismiss action.	258
Sec. 491c (5025). Duty of county officers to certify liens upon land seized by sheriff under writ.....	259, 260, 261
Sec. 511 (6141). Judgment against principal and surety; executions.....	514
Sec. 521 (5055). Exempt personalty.....	56
Sec. 590 (5129). Stay of execution.....	538
Sec. 669A (5227). Grand jury; duty of county board.....	229
Sec. 677 (5144). Appeal; supersedeas.....	537
Sec. 1008 (5479). Transcript of appeal from justice court,	701, 831, 832, 833
Sec. 1010a (5482). Pleadings in district court upon appeal from inferior court.....	237, 831, 833
Sec. 1611 (5483). Failure to perfect appeal from justice court; procedure in appellate court.....	701
Sec. 1013 (5485). Costs upon appeal to district court.....	238

CRIMINAL CODE.

Sec. 127 (5715). Penalty for selling land without title.....	827
Sec. 578 (6213). Jurisdiction of courts under information for crimes.....	229
Sec. 584 (6219). Order for grand jury.....	228, 229, 230

CONSTITUTION.

	PAGE
Art. 1, sec. 3. Due process of law.....	143
sec. 10. Indictment and information	228
Art. 3, sec. 15. Special legislation.....	134
Art. 6, sec. 23. Jurisdiction of judges at chambers.....	885
Art. 8, sec. 5. Fines and penalties.....	133
sec. 9. Educational funds.....	278, 282
Art. 9, sec. 1. Taxation.....	366, 367, 368
sec. 2. Exemption from taxation.....	358, 363, 366, 367, 368
sec. 6. Municipal taxes.....	363, 365, 367, 368
Art. 11, sec. 4. Liabilities of stockholders.....	176, 194

FEDERAL.

STATUTES AT LARGE.

Vol. 24, ch. 104, p. 379, sec. 1. Corporations.....	458
p. 379, sec. 2. Interstate commerce; prohibition of special rates.....	376, 458, 500
p. 380, sec. 6. Carriers; requirement for printed notice of schedules of rates and charges for transportation.....	460, 461
p. 382, sec. 9. Recovery of damages from car- riers.....	466

CONSTITUTION.

Art. 1, sec. 8. Interstate commerce.....	464
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CASES

ARGUED AND DETERMINED

IN THE

SUPREME COURT OF NEBRASKA.

JANUARY TERM, A. D. 1894.

PRESENT:

HON. T. L. NORVAL, CHIEF JUSTICE.

HON. A. M. POST,
HON. T. O. C. HARRISON, } JUDGES.

HON. ROBERT RYAN,
HON. JOHN M. RAGAN, } COMMISSIONERS.
HON. FRANK IRVINE, }

41	1
44	860
41	1
48	556
41	1
50	557
53	199
54	131
54	641

UNION PACIFIC RAILROAD COMPANY V. LARS E. ERICKSON.

FILED JUNE 5, 1894. No. 5516.

1. **Master and Servant: NEGLIGENCE: PERSONAL INJURIES:**
QUESTION FOR JURY. The plaintiff was a section man employed by the defendant. He was engaged in repairing the roadway and stepped away from the track to permit a fast passenger train to pass. He stood about twelve feet from the track. As the train passed him a large piece of coal fell from the tender, struck the ground, and, being shattered, a fragment rebounded and struck the plaintiff, injuring him. The evidence showed that it required the full capacity of the tender to store enough coal to supply the engine during its run, and that the tender had been

5
(1)

Union P. R. Co. v. Erickson.

loaded to its full capacity from a chute without any precautions as to the safe disposition of the coal in the tender; that it was the fireman's duty to place in safety any coal found in a dangerous position. *Held*, That under these facts it was proper to submit the case to the jury as to whether the company had been negligent in loading the coal.

2. **Negligence.** While the facts justifying an inference of negligence must be established by the evidence and their existence must not be left to the conjecture of a jury, and while ordinarily negligence cannot be presumed merely from the happening of an accident, still facts may be established by circumstances, and the same facts which prove the accident may be circumstances from which the facts justifying an inference of negligence may be found to exist.
3. **Master and Servant: NEGLIGENCE: EVIDENCE.** In such a case evidence tending to show that it was practicable to place railings about the top of the tenders to safely increase their capacity, and that this tender was not provided with such a railing, *held*, to be admissible.
4. —: **FELLOW-SERVANTS: NEGLIGENCE.** Employment in the service of a common master is not alone sufficient to constitute two men fellow-servants within the rule exempting the master from liability to one for injuries caused by the negligence of the other. To make the rule applicable there must be some consociation in the same department of duty or line of employment.

ERROR from the district court of Dodge county. Tried below before MARSHALL, J.

A statement of the facts appears in the opinion.

J. M. Thurston, W. R. Kelly, and E. P. Smith, for plaintiff in error:

The plaintiff has entirely failed to prove any actionable negligence on the part of the defendant's employes in any respect stated in the petition, or to account for the falling or bursting of the piece of coal mentioned therein. Such being the case, it was the duty of the court to have withdrawn the case from the jury, or to have directed a verdict in favor of the defendant in accordance with the request of the defendant. (Patterson, Railway Accident Law, sec. 373;

Grossenbach v. Milwaukee, 65 Wis., 35; *Baker v. Madison*, 62 Wis., 137; *Brown v. Kendall*, 6 Cush. [Mass.], 292; *Rockwood v. Wilson*, 11 Cush. [Mass.], 221; *Nitro-Glycerine Case*, 15 Wall. [U. S.], 524; *Burlington & M. R. R. Co. v. Wendt*, 12 Neb., 76; *Stevenson v. Chicago & A. R. Co.*, 18 Fed. Rep., 493; *Morrison v. Phillips & Colby Construction Co.*, 44 Wis., 410; *Ladd v. New Bedford R. Co.*, 119 Mass., 412; *Steffin v. Chicago & N. W. R. Co.*, 46 Wis., 259; *Wood v. Chicago, M. & St. P. R. Co.*, 51 Wis., 196; *Chappell v. Oregon*, 36 Wis., 145; *Payne v. Forty-second & Grand St. R. Co.*, 40 Super. Ct. [N. Y.], 8; *Smith v. Chicago, M. & St. P. R. Co.*, 42 Wis., 526; *De Vau v. Pennsylvania & N. Y. C. & R. Co.*, 28 N. E. Rep. [N. Y.], 532; *Wheelan v. Chicago, M. & St. P. R. Co.*, 52 N. W. Rep. [Ia.], 119; *Chicago, B. & Q. R. Co. v. Barnard*, 32 Neb., 316; *Sorenson, Adm'r, v. Menasha Paper & Pulp Co.*, 56 Wis., 338; *Schultz v. Chicago & N. W. R. Co.*, 67 Wis., 616.)

The court erred in allowing the plaintiff, on cross-examination of the engineer, to show that, after the date of the accident, railings were put around the top of the locomotive tenders belonging to the company. (*Lang v. Sanger*, 76 Wis., 71; *Columbia & P. S. R. Co. v. Hawthorne*, 12 U. S. Sup. Ct. Rep., 591; *McClary v. Sioux City & P. R. Co.*, 3 Neb., 44; *Pickett v. Crook*, 20 Wis., 378; *Cooper v. Milwaukee & P. R. Co.*, 23 Wis., 668; *Couch v. Watson Coal Co.*, 46 Ia., 17; *Lee v. Detroit Bridge & Iron Works*, 62 Mo., 565; 7 Am. & Eng. Ency. of Law, 855; *Galveston, H. & S. A. R. Co. v. Arispe*, 17 S. W. Rep., [Tex.], 47; *Bauleo v. New York & H. R. R. Co.*, 59 N. Y., 356; *McKee v. Chicago, R. I. & P. R. Co.*, 50 N. W. Rep. [Ia.], 209; *Loftus v. Union Ferry Co.*, 84 N. Y., 459; *Sjogren v. Hall*, 18 N. W. Rep. [Mich.], 814; *Richards v. Rough*, 18 N. W. Rep. [Mich.], 785; *Schultz v. Chicago & N. W. R. Co.*, 67 Wis., 622; *Atchison, T. & S. F. R. Co. v. Howard*, 49 Fed. Rep., 206; *Meyer v. Mid-*

land P. R. Co., 2 Neb., 339; *Chicago & A. R. Co. v. Kelly*, 127 Ill., 627; *St. Louis & S. R. Co. v. Weaver*, 35 Kan., 412.)

If the plaintiff is right in his assumption that this injury arose from a defect in the construction of the tender, or in its management, obvious to himself, or which with ordinary care he might have known, then by continuing in his employment, without demurrer, he assumed such risk and hazard. (*Chicago, R. I. & P. R. Co. v. Londergan*, 7 N. E. Rep. [Ill.], 55; *Minty v. Union P. R. Co.*, 21 Pac. Rep. [Idaho], 660; *Randall v. Baltimore & O. R. Co.*, 109 U. S., 478; *Herbert v. Northern P. R. Co.*, 13 N. W. Rep. [Dak.], 349; *Northern P. R. Co. v. Herbert*, 116 U. S., 642; *Bunt v. Sierra Butte Gold Mining Co.*, 138 U. S., 483; *Howland v. Milwaukee, L. S. & W. R. Co.*, 54 Wis., 230; *De Forrest v. Jewett*, 88 N. Y., 264; *Hughes v. Winona & St. P. R. Co.*, 27 Minn 137; *Fraker v. St. Paul, M. & M. R. Co.*, 32 Minn., 54; *Dowell v. Burlington, C. R. & N. R. Co.*, 62 Ia., 629; *Chicago & N. W. R. Co. v. Donahue*, 75 Ill., 106; *Sweeney v. Central P. R. Co.*, 57 Cal., 15; *Kansas P. R. Co. v. Peavey*, 8 Pac. Rep. [Kan.], 780; *Tuttle v. Detroit, G. H. & M. R. Co.*, 122 U. S., 189; *Bartonshill Coal Co. v. Reid*, 3 McQueen [Scotch App.], 266.)

Had the negligence been shown to exist, and to have been that of the engineer or fireman, then they were fellow-servants with the plaintiff, engaged in the same general business, and under the same employer, and for that reason no recovery can be had. (*Farwell v. Boston & W. R. Co.*, 4 Met. [Mass.], 49; *Murray v. South Carolina R. Co.*, 1 McMullen [S. Car.], 385*; *St. Louis, A. & T. R. Co. v. Triplett*, 15 S. W. Rep. [Ark.], 833; *Tuttle v. Detroit, G. H. & M. R. Co.*, 122 U. S., 195; *Louisville & N. R. Co. v. Collins*, 5 Am. Law Reg., n. s. [Ky.], 265; *Coon v. Syracuse & U. R. Co.*, 1 Seld. [N. Y.], 492; *Wilson v. Merry*, 1 L. R. H. L. Sc., 326; *Brodeur v. Valley Falls*

Co., 17 Atl. Rep. [R. I.], 54; *Union P. R. Co. v. Fort*, 17 Wall. [U. S.], 553; *Waller, Adm'r, v. Southeastern R. Co.*, 2 Hurl. & Nor. Exch. Rep. [Eng.], 109; *Randall v. Baltimore & O. R. Co.*, 109 U. S., 478; *Baltimore & O. R. Co. v. Andrews*, 50 Fed. Rep., 732; *Chicago, M. & St. P. R. Co. v. Ross*, 112 U. S., 377; *Pittsburg & Ft. Wayne & C. R. Co. v. Devinney*, 17 O. St., 198; *Kumler v. Junction R. Co.*, 33 O. St., 150; *Mealman v. Union P. R. Co.*, 37 Fed. Rep., 189; *Hough v. Texas & P. R. Co.*, 100 U. S., 213; *Van Wickle v. Manhattan R. Co.*, 23 Blatch. [U. S. C. C.], 422; *Rohback v. Pacific R. Co.*, 43 Mo., 187; *Armour v. Hahn*, 111 U. S., 318; *Howard v. Denver & R. G. R. Co.*, 26 Fed. Rep., 837; *Clifford v. Old Colony R. Co.*, 141 Mass., 564; *Keyes v. Pennsylvania R. Co.*, 3 Atl. Rep. [Pa.], 15; *Collins v. St. Paul & S. C. R. Co.*, 30 Minn., 31; *Whaalen v. Mad River & L. E. R. Co.*, 8 O. St., 249; *Gormley v. Ohio & M. R. Co.*, 72 Ind., 31; *Pennsylvania R. Co. v. Wachter*, 60 Md., 395; *Houston & T. C. R. Co. v. Rider*, 62 Tex., 267; *Boldt v. New York C. R. Co.*, 18 N. Y., 432; *Blake v. Maine C. R. Co.*, 70 Me., 60; *Coon v. Syracuse & U. R. Co.*, 5 N. Y., 492; *Capper v. Louisville, E. & St. L. R. Co.*, 103 Ind., 305; *Henry v. Staten Island R. Co.*, 81 N. Y., 373; *Russell v. Hudson River R. Co.*, 17 N. Y., 134; *Heine v. Chicago & N. W. R. Co.*, 58 Wis., 525; *Cooper v. Milwaukee & P. C. R. Co.*, 23 Wis., 668; *Toner v. Chicago, M. & St. P. R. Co.*, 69 Wis., 188; *Brown v. Central P. R. Co.*, 7 Pac. Rep. [Cal.], 447; *Besel v. New York C. & H. R. R. Co.*, 70 N. Y., 171; *Valtez v. Ohio & M. R. Co.*, 85 Ill., 500; *Harvey v. New York C. & H. R. R. Co.*, 88 N. Y., 481; *Holden v. Fitchburg R. Co.*, 129 Mass., 268; *King v. Boston & W. R. Co.*, 9 Cush. [Mass.], 112; *Van Wickle v. Manhattan R. Co.*, 32 Fed. Rep., 278; *Gillshannon v. Stony Brook R. Co.*, 10 Cush. [Mass.], 228; *International & G. N. R. Co. v. Ryan*, 18 S. W. Rep. [Tex.], 219; *Elliott v. Chicago, M. & St. P. R. Co.*, 41 N. W. Rep.

 Union P. R. Co. v. Erickson.

[Dak.], 758; *Cincinnati, N. O. & T. P. R. Co. v. Mealer*, 50 Fed. Rep., 725; *Sullivan v. Mississippi & M. R. Co.*, 11 La., 421; *Foster v. Minnesota C. R. Co.*, 14 Minn., 360; *Capper v. Louisville, E. & St. L. R. Co.*, 21 Am. & Eng. R. Cas. [Ind.], 527; *Chicago & N. W. R. Co. v. Moranda*, 93 Ill., 302; *Chicago & A. R. Co. v. Murphy*, 53 Ill., 336; *Indianapolis & St. L. R. Co. v. Morgenstern*, 106 Ill., 216; *Chicago & N. W. R. Co. v. Moranda*, 108 Ill., 576; *Chicago & A. R. Co. v. O'Bryan*, 15 Ill. App., 134; *Dow v. Kansas P. R. Co.*, 8 Kan., 642; *Kansas P. R. Co. v. Salmon*, 11 Kan., 83; *Little Miami R. Co. v. Stevens*, 20 O., 416; *Waller v. Southeastern R. Co.*, 2 H. & C. Exch. [Eng.], 101; *McAndrews v. Burns*, 39 N. J. Law, 117; *Nashville & D. R. Co. v. Jones*, 9 Heisk. [Tenn.], 27; *Louisville, C. & L. R. Co. v. Cavens*, 9 Bush [Ky.], 559; *Louisville & N. R. Co. v. Collins*, 2 Duv. [Ky.], 114; *Louisville & N. R. Co. v. Robinson*, 4 Bush [Ky.], 507; *Murray v. South Carolina R. Co.*, 1 McMullan [S. Car.], 385; *Clarke v. Holmes*, 7 H. & N. [Eng.], 937*.)

Frick & Dolezal, contra:

The court did not err in permitting the engineer to be questioned concerning a railing to prevent the coal from falling off the tender. (*Cropsey v. Averill*, 8 Neb., 152; *Chicago, K. & N. R. Co. v. Wiebe*, 25 Neb., 512; *St. Louis & S. F. R. Co. v. Weaver*, 35 Kan., 412; *Readman v. Conway*, 126 Mass., 374; *West Chester & P. R. Co. v. McElwee*, 67 Pa. St., 311; *Kansas P. R. Co. v. Miller*, 2 Col., 442; *O'Leary v. City of Mankato*, 21 Minn., 65; *Brehm v. Great Western R. Co.*, 34 Barb. [N. Y.], 256; *Westfall v. Erie R. Co.*, 5 Hun [N. Y.], 75; *Harvey v. New York C. & H. R. R. Co.*, 19 Hun [N. Y.], 556; *St. Joseph & D. R. Co. v. Chase*, 11 Kan., 47; *Atchison, T. & S. F. R. Co. v. Retford*, 18 Kan., 245; *City of Emporia v. Schmidling*, 33 Kan., 485; *Phelps v. City of Mankato*, 23 Minn., 279; *Kelly v. Southern M. R. Co.*, 28 Minn., 98; *Sewell v. City of Cohoes*, 11 Hun [N. Y.], 626.)

The defendant in error and the engineer and fireman were not fellow-servants within the rule of law in this state which would prevent a recovery against the railway company,—the master of all three. (*Chicago & N. W. R. Co. v. Moranda*, 93 Ill., 302; *Chicago & A. R. Co. v. Kelly*, 21 N. E. Rep. [Ill.], 203; *Indianapolis & St. L. R. Co. v. Morgenstern*, 106 Ill., 216; *Richmond & D. R. Co. v. Norment*, 84 Va., 167; *Moon v. Richmond & A. R. Co.*, 78 Va., 745; *Baltimore & O. R. Co. v. McKenzie*, 81 Va., 71; *St. Louis & S. F. R. Co. v. Weaver*, 57 Am. Rep. [Kan.], 176; *Chicago, St. P., M. & O. R. Co. v. Lundstrom*, 16 Neb., 254; *Sioux City & P. R. Co. v. Smith*, 22 Neb., 775; *East T., V. & G. R. Co. v. De Armond*, 86 Tenn., 73; *Krogg v. Atlanta & W. P. R. Co.*, 77 Ga., 202; *Cooper v. Mullins*, 30 Ga., 146; *Hough v. Texas & P. R. Co.*, 100 U. S., 213; *Priestley v. Fowler*, 3 M. & W. [Eng.], 1; *King v. Ohio & M. R. Co.*, 14 Fed. Rep., 277; *Garrahy v. Kansas City, St. J. & C. B. R. Co.*, 25 Fed. Rep., 258; *Northern P. R. Co. v. Herbert*, 116 U. S., 642; *O'Donnell v. Allegheny V. R. Co.*, 59 Pa. St., 239; *Ryan v. Chicago & N. W. R. Co.*, 60 Ill., 171; *Lewis v. St. Louis & I. M. R. Co.*, 59 Mo. 495; *Darrigan v. New York & N. E. R. Co.*, 52 Conn., 285; *Vautrain v. St. Louis, I. M. & S. R. Co.*, 8 Mo. App., 538; *Hall v. Missouri P. R. Co.*, 74 Mo., 298; *Hardy v. Minneapolis & St. L. R. Co.*, 36 Fed. Rep., 657; *Louisville & N. R. Co. v. Brooks*, 83 Ky., 129; *Louisville, C. & L. R. Co. v. Cavens*, 9 Bush [Ky.], 559.)

IRVINE, C.

Erickson was employed by the railway company as a section hand and was engaged in his work repairing the road-bed of the railroad near Fremont, when a fast passenger train approached and he stepped aside to let it pass. As the train passed him a large piece of coal fell from the tender of the locomotive, struck the ground near him and broke into smaller pieces, one of which flew towards him;

striking him and causing a fracture of the leg. He brought this action against the railroad company, alleging as negligence that the piece of coal had been negligently allowed to fall from the tender while the train was running at a high rate of speed; that the coal had been negligently loaded and negligently permitted to remain on the tender in a position rendering it liable to fall and to be cast off by the motion of the train. The railway company answered, among other things denying any negligence upon its part and alleging contributory negligence on the part of Erickson. There was a verdict and judgment for Erickson for \$1,625.

Probably to follow the order of discussion in the brief of the railway company will disclose the features of the case as well as possible. The first point made is that the evidence did not establish any negligence on the part of the railway company or its employees. The rule of negligence has been so frequently announced by this court that it is hardly necessary to restate it. Questions of negligence and contributory negligence are for the jury where, from the facts proved, different minds may reasonably draw different conclusions. The evidence here tends to show that Erickson, when he saw the train approaching, stepped aside, until he was about twelve feet from the track, and that in so doing he pursued the course customarily resorted to by section men. There is no doubt that a large lump of coal did fall from the tender as the train passed him; that it struck the ground near the track and, breaking into pieces, one portion thereof rebounded and struck him, causing the injury. It is quite clearly established that the lump of coal was no larger than would conveniently go into the fire-box of the engine, and it may be assumed that it was proper to have a lump of such size upon the tender. The train was bound east. The run of the engine was from Grand Island to Council Bluffs, a distance of over 150 miles. Coal was loaded upon the tender at Grand Island. There was no

coaling station for passenger trains between the two points. The tender of this engine would hold from ten to eleven tons, and it required that amount of coal to supply the engine during its run. The coal was loaded from a chute at Grand Island, and, according to the fireman, the tender was loaded at this time, as usual, before the engineer and fireman mounted the engine. As he states, "I found it in all ways thrown in, just as they pulled the chute down." It lay "in all shapes, upside down, everyway dropped in there." From this and from all the evidence it is quite clear that in order to make the run it was necessary to completely fill the tender; that in order to do so the coal was dropped in from a chute without any precautions as to its safe disposition; but the fireman testifies that it was his duty to "wet the coal down;" that for that purpose he mounted the tender before the engine started, and if he saw any coal liable to fall from the tender it was his duty to put it in a place of safety. According to this witness, about six tons of coal remained in the tender at the time of the accident. The train was a through train and stopped at only a few stations. We think that this evidence fairly made a case to submit to the jury, under the rule as above stated.

The principal contention on the part of the railroad company is that negligence in loading the coal could not be inferred from the fact that the lump fell from the tender. There is no doubt of the general principle that negligence cannot be inferred merely from the fact that an accident happened, and it is also true that while negligence is an inference to be drawn from the facts proved, facts warranting that inference must be proved, and the jury cannot be left to conjecture the existence of facts which might ground the inference of negligence. Facts may be established by circumstances as well as by direct testimony, and the same facts which prove the accident may, in some cases, be circumstances which establish the facts justifying an inference of negligence. So in this case. Neither fireman nor en-

gineer saw the coal fall. It was certainly not dislodged from a place of safety by any act of theirs at the time. Erickson and the section boss did see it fall as the train passed. It is not merely a conjecture, it is a plain inference, from the fact that it fell under the circumstances, that it had been so placed upon the tender that it was in a position from which it was liable to be dislodged by the motion of the train. All the evidence shows that it was necessary to heap the coal up on the tender in order to enable it to carry sufficient to make the run. The fireman's testimony shows that no precautions were taken in loading to load it safely, and that he was charged with the duty to inspect the loading and change the position of the pieces where they were unsafe. The method of loading accounts for the lumps being in a position of unstable equilibrium, and unless we disregard the laws of physics we must say that it had been left in such a position or it would not have fallen. In this connection we are cited to the case of *Schultz v. Chicago & N. W. R. Co.*, 67 Wis., 616, a case arising out of a similar accident. Portions of that decision are open to criticism; but upon the question of negligence we do not think that the conclusion was wrong, or that it conflicted with that we reach. All that the court there held was that the facts established did not make out a case of negligence in law. The court did not say that a jury would not be justified in finding negligence from such facts. We would say the same,—that the court should not, under such facts, instruct the jury either that there was or was not negligence. This was an inference for the jury to draw. As to contributory negligence, we can see no room for doubt. Erickson was necessarily near the track. He had never seen coal fall from tenders. He did not observe how this tender was loaded, and he was certainly far enough away to be secure from any ordinary danger to be apprehended from a passing train properly loaded.

Our attention is here directed to an assignment of error

in regard to the admission of evidence, to the effect that subsequently to this accident railings were put around the tops of tenders belonging to the company. If testimony had been directly admitted to show that fact, a question, to say the least, serious, would be presented ; but the record hardly supports the assignment of error in that regard. We quote all relating to the subject :

Q. The Union Pacific Company—or arrangements can be made by which there is a kind of railing around the top of the tenders, isn't there?

A. Well, I should answer that that there could be arrangements made.

Q. Would not you answer that they have got such railing around the top of the tenders?

A. They have at this time, but we did not then.

These questions and answers were objected to. They occur in the cross-examination of the engineer, who was called by the company. They were followed by some questions, without objections, as to the purposes for which these railings were placed upon the tenders. Such evidence tended to show that they were to increase the capacity of the tender. When the questions objected to are examined it will be found that there was no inquiry in regard to subsequent acts of the company. The first question merely asked if it was practicable to use a railing. The second asked whether the company had not such railings around the tenders, without specifying the time. The statement that they had been placed there since the accident was the engineer's answer, and from his use of pronouns it is not clear whether he meant that all tenders had been so provided since the accident, or whether he meant to say simply that his engine did not have one at that time. We do not think this testimony is open to the objection urged. The feature objected to was really introduced by the company itself upon redirect examination as follows :

Q. Now, with regard to this railing that Mr. Frick has

Union P. R. Co. v. Erickson.

spoken about, were such railings used at the time of that tender, at that time, that you knew of?

A. No, sir.

Q. Do you know of any other passenger engine at that time?

A. I don't remember, but I think they were putting them on. I would not say positively.

The peculiar construction both of these questions and their answers still leaves the same doubt as to the meaning of the evidence; but when we consider the evidence as to the capacity of this tender and the amount of coal required, together with the evidence just referred to, it would seem that the railings were found necessary to prevent overloading and that the company then realized this fact. This much was certainly material and tended to establish the negligence complained of.

The next contention is that if the accident resulted in the manner claimed by the plaintiff it was a matter obvious to him, and that continuing in the employment he submitted to the hazard thereof, but, as already stated, he never knew such an accident to happen; moreover, he knew nothing about the manner of loading the tenders. These were matters wholly foreign to that portion of the company's work in which he was engaged, and this argument ill accords with the further argument made, that the company could not be held liable unless it had been informed by the previous occurrence of similar accidents that this manner of loading the tenders was dangerous. Neither argument is well founded. The former, for the reason that Erickson did not know, was not bound to know, and was not in a position to know the danger. The latter, for the reason, if for no other, that it must occur to every one of ordinary judgment that the natural and probable consequence of an insecure load of coal upon the tender of an engine running at a high rate of speed might be the falling of coal therefrom and consequent injury to persons at sta-

tions and workmen necessarily engaged near the track. It would not require the actual happening of such an event to apprise one of the danger.

The next proposition is that Erickson was a fellow-servant of whoever was guilty of negligence, and that the company is, therefore, not liable. Upon this subject elaborate briefs have been filed upon either side reviewing nearly all the American authorities. We shall not here undertake such a review. We are aware of the hopeless conflict existing. In fact a study of the question must convince any one that shortly after the introduction of railways the law entered upon a slow but marked period of transition upon the subject of fellow-servants. No definite result has yet been reached. Probably the leading case, both in America and in England, applying the doctrine of fellow-servants to all the employes of a common master, is that of *Farwell v. Boston & W. R. Co.*, 4 Met. [Mass.], 49. All the cases holding that broad doctrine seem to be based directly or indirectly upon the authority or the reasoning of Chief Justice Shaw in that case. It was decided in 1842, before the railway system of the country was developed, before the existence of other large corporations employing vast numbers of men engaged in the pursuit of one general object, but performing different functions and engaged in many distinct departments. This state of affairs was then just arising, and the vast change of conditions in the relations of master and servant was only then beginning to appear. The extent of that change and the consequences of applying old rules to new conditions could not then be foreseen. In that case, as in all others upon the subject, the reasons for the rule exempting masters from liability to servants for injuries produced by the negligence of their fellow-servants are stated as twofold: First, that such injuries must be presumed to be within the contemplation of the parties when they made their contract; and second, that public policy requires the enforcement of such

a rule, upon the theory that by enforcing it each servant is made closely observant of the acts of his fellow-servants, and that the scrutiny of one another naturally tends to efficiency and care. The first reason given, where the rule is sought to be applied without discrimination to all servants of a common master, has already been completely set aside and disregarded, even by those courts in America most inclined to conservatism upon the subject. It is everywhere conceded that inasmuch as a corporation can only act through agents and all agents are servants, the logical application of the rule would discharge a corporation entirely from liability to its servants, and this gives rise to a corollary that where the negligence is that of a vice-principal whose acts must be taken as those of the master, the rule does not apply. The recognition of this exception was necessary to preserve another rule, that while a servant assumes the dangers incident to his employment, he does not assume dangers caused by the negligence of his master. There is as much reason for holding that a servant in entering an employment contracts with a view to possible negligence of the master as to hold that he contracts with a view to possible negligence of the man who works beside him and upon the same footing. To illustrate by reference to railways, which probably afford as great a variety of grades in employment as any occupation. Can it be logically said that a section man in the matters within the scope of his employment is less liable to err than a conductor, superintendent, or general manager with reference to his own duties? To the writer's mind, when the first distinction was drawn between grades of servants, the force of the general rule, so far as it was based upon contract, was destroyed. As to the second reason,—that founded upon public policy,—there is much force in the observation of Mr. Justice Field in *Chicago, M. & St. P. R. Co. v. Ross*, 112 U. S., 377: "It may be doubted whether the exemption has the effect thus claimed for it. We have never

known parties more willing to subject themselves to dangers of life or limb because, if losing the one, or suffering in the other, damages could be recovered by their representatives or themselves for the loss or injury. The dread of personal injury has always proved sufficient to bring into exercise the vigilance and activity of the servant." Still we concede that there may be some force to the rule so far as grounded upon public policy and confined to servants who are, in the language of the supreme court of Illinois, "consociated by means of their daily duties or co-operating in the same department of duty or the same line of employment." (*Chicago & N. W. R. Co. v. Moranda*, 93 Ill., 316.) Beyond this line we can see no force in it. When the authorities are examined it is found that they range themselves in two general classes, those following the opinion of Chief Justice Shaw and those distinguishing between grades of employment, and employes in distinct departments of service. The principal objection urged to the latter class is that by adopting such distinctions the courts overthrow a general rule of easy application and adopt one not susceptible of precise application and uncertain in its results. Possibly this objection is well taken. If so, we can only say that it accords with the general spirit of the common law. Perhaps the main distinction between the civil law and the common law is that the civil law is based upon well-defined logical rules readily susceptible of ascertainment, while the common law is founded upon broader general principles, to be applied to the diversity of human affairs in such a manner as to favor individual liberty and to conform themselves to changed conditions. When the law of fellow-servants was first announced business enterprises were comparatively small and simple. The servants of one master were not numerous. They were all engaged in the pursuit of a simple and common undertaking. Now, things have changed. Large enterprises are conducted by persons or by corporations employing vast numbers of

Union P. R. Co. v. Erickson.

servants divided into classes, each pursuing a different portion of the work, and each practically independent of the other. The old reasons do not apply to the new conditions. We are not prepared in this case to propose any set rule for always determining when two employes are fellow-servants within the meaning of the law and when they are not, nor are we required for present purposes so to do. Erickson was a section man. He was employed with several others to keep the road-bed and the track in repair. The fireman was employed to fire the engine and perform certain duties in connection with the operation of trains. Some one was employed at Grand Island to load the tenders with coal. With either the fireman or this third person Erickson had nothing in common, except that he drew his pay from a common source, and that in a broad sense they were all carrying out parts of a vast transportation business. Erickson had no control over either of the others, no opportunities of judging of their competency, no supervision of their specific acts, and only by adopting the broadest rule as announced by Chief Justice Shaw could we hold them to be fellow-servants. This rule we are not prepared to adopt. We hold on the contrary that employment in the service of a common master is not alone sufficient to constitute two men fellow-servants within the rule exempting the master from liability to one for injuries caused by the negligence of the other, and that to make the rule applicable there must be some consociation in the same department of duty or line of employment. For the purposes of this case we are content to follow the opinion of Mr. Justice Miller in *Garrahy v. Kansas City, St. J. & C. B. R. Co.*, 25 Fed. Rep., 258, where, in the light of quite recent decisions and of the mature judgment of the supreme court of the United States in *Chicago, M. & St. P. R. Co. v. Ross*, *supra*, he held that persons occupying such relations were not fellow-servants within the meaning of the rule.

Briggs v. First Nat. Bank of Beatrice.

The other errors discussed in the briefs relate to the giving and refusal of instructions. If we are right in the conclusions reached on the branches of the case already discussed, there was no error in the instructions, as those given and refused, so far as they are complained of, simply relate to those questions.

JUDGMENT AFFIRMED.

ANNA LOREE BRIGGS V. FIRST NATIONAL BANK OF BEATRICE.

FILED JUNE 5, 1894. No. 5593.

1. **Husband and Wife: SURETYSHIP.** In this state a married woman may contract as surety for her husband. *Smith v. Spaulding*, 40 Neb., 339, followed.
2. **Married Women: SURETY FOR HUSBAND: CONSIDERATION.** The contemporaneous lending of money to the husband is a sufficient consideration for the wife's signing a note evidencing such indebtedness, and a clause in such a note pledging her separate estate is binding upon her, although she personally received no consideration therefor.

ERROR from the district court of Gage county. Tried below before BROADY, J.

Richards & Prout, for plaintiff in error.

Griggs, Rinaker & Bibb, contra.

IRVINE, C.

The defendant in error sued the plaintiff in error and Charles E. Briggs upon a promissory note as follows:

"\$500. "BEATRICE, NEB., November 26, 1890.

"Ninety days after date I promise to pay to First National Bank, Beatrice, Nebraska, or order, five hundred

41	17
46	918
41	17
53	411
53	582
56	556
41	17
57	760
41	17
62	610

Briggs v. First Nat. Bank of Beatrice.

dollars, at the First National Bank, Beatrice, Nebraska, with interest at the rate of ten per cent per annum from maturity until paid, for value received; and the said Anna L. Briggs hereby pledges her separate estate.

"CHARLES E. BRIGGS.

"ANNA LOREE BRIGGS."

The plaintiff in error admitted the execution of the note, but averred that she signed it only as surety for Charles E. Briggs, her husband, to whom the entire consideration was paid, and that the note was not given with reference to her separate estate, nor upon the faith and credit thereof, nor did she bind the same. The evidence showed that she was the wife of Charles E. Briggs; that the money was borrowed from the bank by him; that she executed the note as surety; that the debt was not an antecedent debt, but was one contracted when the note was made. There was a peremptory instruction to the jury to find for the bank. The giving of this instruction, the refusal to give an instruction practically to find for the defendant, and the insufficiency of the evidence are the errors assigned. They all raise the single question as to whether, upon the pleadings and uncontradicted evidence, Mrs. Briggs was liable upon the note.

The plaintiff in error cites in favor of her view of the case, *Davis v. First Nat. Bank of Cheyenne*, 5 Neb., 245; *Hale v. Christy*, 8 Neb., 264; *State Savings Bank v. Scott*, 10 Neb., 83; *Barnum v. Young*, 10 Neb., 309; *Jeffrey v. Fleming*, 26 Neb., 685. None of these cases justifies her contention. The case last cited merely holds that in an action for goods sold and delivered to a restaurant, the evidence showing that the restaurant was kept by the husband, belonged to him, and the credit evidently given to him, the wife was not liable; and the other cases are to the effect that the wife is not liable upon her contracts unless they are made with reference to her separate estate, or an intention is shown to bind her separate estate. To the same

Johnson v. Guss.

effect is *Eckman v. Scott*, 34 Neb., 817. In a recent case (*Smith v. Spaulding*, 40 Neb., 339) it was held, citing *Stevenson v. Craig*, 12 Neb., 464, that a married woman in this state may contract as surety for her husband, and that the extension of time of payment of the husband's past due indebtedness is a sufficient consideration to sustain such a contract. That case is decisive of the one under consideration. The contemporaneous lending of the money to the husband was a sufficient consideration to sustain the wife's contract and in the note she expressly pledges her separate estate. There is no allegation and no proof of fraud or mistake in procuring the note and she is bound by its terms.

JUDGMENT AFFIRMED.

CLAUDE JOHNSON V. SUSAN M. GUSS ET AL.

FILED JUNE 5, 1894. No. 4725.

Review: EVIDENCE: INSTRUCTIONS. The only questions arising relating to the sufficiency of the evidence and the applicability of certain instructions thereto, it was held that the evidence was sufficient to sustain the verdict, and the instructions applicable to the evidence.

ERROR from the district court of Wayne county. Tried below before POWERS, J.

Frank Fuller, for plaintiff in error.

W. M. Wright and *A. A. Welch*, contra.

IRVINE, C.

This was an action brought by the defendants in error against the plaintiff in error to recover for corn sold and

41	19
42	844
41	19
53	596

Johnson v. Gumm.

delivered by defendants in error to plaintiff in error. There was a verdict for defendants in error for \$266.65, from which error is prosecuted.

The question in controversy was as to whether the agreement was to pay for the corn according to the market price on January 1, 1891, or at the market price upon any date to be selected by defendants in error between October, 1890, and January 1, 1891. The day selected by defendants in error for estimating the market price was December 18, on which day the market price was six cents a bushel higher than on January 1 following.

The plaintiff in error contends that the verdict is not sustained by the evidence. We have examined the evidence and find a sharp conflict therein; but two witnesses testify directly in support of the contention of the defendants in error. The credibility of these witnesses was for the jury.

The plaintiff in error also complains of certain instructions, admitting that they state the law correctly, but arguing that they are not applicable to the evidence. They are instructions stating the familiar rules in regard to the preponderance of evidence and the credibility of witnesses, leaving these questions to the jury; and also stating to the jury that the fact that a number of witnesses testified in contradiction of one another did not require the jury to find the evidence evenly balanced, but that the jury had a right to determine from the probability or improbability of the truth of the witnesses' statements, the opportunities of the witnesses of knowing the facts, and from surrounding circumstances, which witnesses were more worthy of credit. The evidence being conflicting, these instructions were strictly applicable.

JUDGMENT AFFIRMED.

PHENIX INSURANCE COMPANY OF BROOKLYN V. RAD
BILA HORA LODGE.

41	21
144	575
41	21
54	123

FILED JUNE 5, 1894. No. 5268.

1. **Fire Insurance: SUFFICIENCY OF NOTICE OF LOSS.** Where a policy of insurance simply requires that notice of loss shall be given to the company at a specified office in writing, and that payment shall be made upon receipt of proper proof, and does not specify otherwise of what such notice and proof shall consist, if notice of the loss be sent in writing to the office specified and the company makes no objection on account of the form of the notice and makes no demand for other or further proof, such notice is a sufficient compliance with the terms of the policy.
2. ———: ———: **ORAL NOTICE: AGENCY.** This rule held to apply where oral notice was given to the local agent of the company and he, at the request of the insured, communicated the fact of the loss in writing to the specified office of the company, it being held that, without regard to his authority as agent of the company, the facts proved constituted him the agent of the insured to give notice of loss.
3. ———: **AUTHORITY OF AGENTS: WAIVER.** A clause in a policy prohibiting agents from waiving any of its terms or conditions does not prevent the insured from showing that the company, through its proper agents, accepted acts of the insured as a sufficient compliance with the terms of the policy.
4. **Record for Review: TRANSCRIPT.** A transcript of the record authenticated by the certificate of the clerk of the district court is conclusive evidence of the contents of the pleadings upon which the case was tried.
5. **Fire Insurance: ACTION ON POLICY: LIMITATION: ESTOPPEL.** Where a policy provides that no action shall be sustained unless commenced within six months after a loss shall occur, if the insured is reasonably induced by the conduct or statements of the company's agents to believe that the claim will be paid without suit and therefore withholds bringing suit until after that period, the insurer will in such case be estopped from claiming the benefit of such clause in the policy.
6. **Trial: REVIEW.** Certain rulings of the trial court on the admission of evidence examined, and held not to be erroneous.

ERROR from the district court of Knox county. Tried below before POWERS, J.

Dillon & Preston and *E. A. Houston*, for plaintiff in error.

S. Draper and *Reese & Gilkesson*, *contra*, contending that the insurance company by its conduct waived its right to insist upon the enforcement of the six months' limitation clause of the policy, cited: *Barnes v. McMurtry*, 29 Neb., 178; *Thompson v. Phoenix Ins. Co.*, 10 Sup. Ct. Rep., 1019; *Allemania Ins. Co. v. Peck*, 24 N. E. Rep. [Ill.], 538.

IRVINE, C.

This was an action on a policy of insurance written upon a building owned by the defendant in error and occupied by it as a lodge room. There was a verdict and judgment in the district court against the insurance company, from which it prosecutes error. A number of the rulings of the court in relation to the admission of evidence are complained of.

Mr. Schmidt, being upon the stand, testified that he was the secretary of the plaintiff association; that the lodge had a charter issued by the grand lodge of the state; that it derived its authority from this charter; that the charter was destroyed in the fire. He was then asked to state what this charter was. This question was objected to as incompetent, immaterial, and calling for secondary evidence upon an insufficient foundation. If the evidence was material, it was certainly competent. We cannot imagine a more satisfactory foundation for secondary evidence than proof that the primary evidence had been totally destroyed. We presume the object of this testimony was to show the organization of the plaintiff and establish its capacity to sue. The petition does not allege the nature

of the plaintiff's organization, whether a corporation or a voluntary association; but no objection was taken, either by demurrer or answer, to the plaintiff's capacity to sue, and by sections 94 and 96 of the Code of Civil Procedure any objection upon that ground was therefore waived. Indeed, the insurance company expressly admitted in its answer the issuance of the policy to plaintiff,—that is, a contract with the plaintiff,—and we cannot see how, under the issues, it was material to prove plaintiff's character as an association or corporation. The objection for immateriality should have been sustained, but the error was of such a character that it was clearly not prejudicial.

The answer denied plaintiff's ownership of the land upon which the building stood. In order to prove ownership plaintiff called Mr. Tikalsky, who testified that he had sold the land to the plaintiff; made a deed to the plaintiff of the land in 1886; that this deed was burned with the building. He then testified that after the fire another deed was executed to the plaintiff. This deed was then offered in evidence and its admission is urged as error. The deed itself recites that it was executed to take the place of a former deed which had been destroyed by fire in the society hall. It was not necessary to offer the deed, as, upon the proof made, secondary evidence might have been given, and to a certain extent was given, of the contents of the original deed; but this deed, being in the nature of a further assurance, had effect by relation to the original conveyance, and it was competent and material in support of the issues as to plaintiff's ownership.

It appeared in evidence that there had been some negotiations in regard to the loss between plaintiff's secretary and three individuals, whose authority to act for the insurance company the plaintiff had considerable difficulty in establishing. There is a long list of assignments of error in relation to evidence in regard to the authority of these men and in regard to transactions with them. To discuss

Phenix Ins. Co. v. Rad Billa Hora Lodge.

each assignment would unreasonably extend this opinion; and there are no questions of law presented of sufficient importance to warrant such a detailed discussion. For the purpose of illustration we will take two or three of the rulings complained of in their order. Mr. Kamansky testified that at the time of the fire he represented the insurance company, "doing insurance business," and "was employed by them to look after their interests." He was then shown a letter which he testified was written by Mr. Williams. He was then asked if he knew what relation Williams sustained to the insurance company. This question was objected to upon the ground that he could not know of his own personal knowledge and that the policy provided how agents must be appointed. The objection was overruled, and the witness answered that he did not know except by hearsay. In the first place, the question was a proper one. It only inquired whether or not he knew the fact. In the next place, the answer was such that the objection became utterly inconsequential, and to urge it here is frivolous. The time of this court is too valuable to be consumed in examining records for the purpose of investigating such points as this. Mr. Wyman was another person who had dealings with the plaintiff. Mr. Kamansky was asked, "Who was Mr. Wyman?" He answered, "Well, he is a representative of the company." The defendant then moved to strike out all the testimony in relation to Wyman unless the company was connected with these men. This motion was overruled,—properly so. The question was a competent question, and if the motion had been to strike out the answer as stating the witness' conclusion, it might have been well taken; but the motion referred vaguely to some other testimony, and at the time it was made the plaintiff was proceeding, as well as it could, to establish the connection between Wyman and the company. Moreover, the question was at once repeated, and the answer this time was that Wyman had been repre-

sented to the witness as the company's representative. On motion of the defendant this testimony was then stricken out. The same remarks apply to this assignment as to the other. These illustrations, we think, are sufficient to disclose the futility of any elaborate discussion of such assignments.

In a general way, the other assignments may be said to be based upon evidence as to statements made by Williams or Wyman as to their authority and to evidence of their conduct, upon the ground that no authority had been shown in them. As to the first of these classes, it is sufficient to say that on every occasion when a question was asked directly calling for the declarations of these persons as to their authority the court promptly sustained objections thereto, and where their statements were admitted they were statements made in the course of negotiations and were admissible, and were admitted not for the purpose of proving agency, but as part of the *res gestæ*. As to the latter class of objections, we think counsel, to a certain extent, misapprehended the precise issue involved. There was no doubt of the authority of the agent to issue the policy. Its issuance and the payment of premium were expressly admitted.

The defense was two-fold: First, that the plaintiff had not made proper proofs of loss; and second, that the action was not begun within six months, as the policy required. The legal aspects of these defenses will be hereafter considered. It was proved by Kamansky himself that he was a local agent for the company with authority to take applications and some authority at least to collect premiums. Immediately after the fire the plaintiff's secretary gave to him oral notice of the fire and requested him to communicate with the company, which he at once did. Counsel conceive that the plaintiff was endeavoring to establish a waiver by Kamansky of the requirements as to proof of loss, and that no authority to do so was shown; but for

Phoenix Ins. Co. v. Red Bill Hora Lodge.

plaintiff's real purpose Kamansky's authority was immaterial. What notice or proof of loss was required will be considered later. If the notice given to the general agent in Chicago by Kamansky was sufficient notice, it was entirely immaterial what Kamansky's authority as agent was or whether he had any authority. If he was not the company's agent, by complying with the plaintiff's demand and notifying the proper officer of the company he constituted himself the plaintiff's agent to give the notice. If the case rested upon any waiver by Kamansky, we would agree with the defendant that no authority was shown in him; but the question was not whether Kamansky had waived proof of loss, but whether notice of loss had been given the Chicago office, and whether that notice was sufficient. This notice did not have to be given through the company's agent, but might be given by the plaintiff or by any one delegated by the plaintiff for that purpose. The plaintiff was endeavoring to meet the other defense by showing that the company lulled defendant into a sense of security by negotiations and proposals until the six months allowed by the policy for bringing suit had expired. These negotiations were carried on by Kamansky, Williams, and Wyman. Without any regard to declarations made by any of these men, there is ample evidence to show that all of them sustained some relation of agency to the company; that they habitually acted for it in the examination and adjustment of losses, and their acts were recognized by the company. If the special limitation in the policy was valid, and if the negotiations and proposals during that period excused the plaintiff from earlier beginning this suit, we think there was ample to charge the company with the consequences of the acts of these men in that behalf.

Coming now to the assignments of error relating to the instructions, we will consider first the law as applicable to this case in regard to notice or proofs of loss. On this subject the court gave the following instruction: "And

upon the issues found it devolves upon the plaintiffs to prove by a preponderance of the evidence its ownership of the property insured and the destruction of the same by fire, as alleged, and the value of said property at the time of its destruction, and that the plaintiff immediately after such loss notified the said company, or its adjusting agent, of the destruction of said property, or that the plaintiff gave defendant notice of such loss, although not in exact conformity with the requirement of said policy, and that the notice was received by the company without objection and without suggesting that it did not conform to the terms of the said policy, in such case defendant will be deemed to have waived other or further proof of the said loss." The defendant requested a peremptory instruction to find for the defendant, because there was no evidence that proofs of loss had been made. The policy in evidence is very simple in its requirements. The following are the only provisions as to notice or proofs of loss: "The Phenix Insurance Company hereby agrees to make good unto the insured, their executors, administrators, or assigns, upon receipt of proper proofs at its Chicago office, all such immediate loss," etc.; also, "In case of loss or damage the insured shall forthwith give notice of such loss in writing to the company." It will be observed that the policy does not specify in what form the proofs or notice shall be given, except that the notice shall be in writing. The evidence shows that, upon request of plaintiff's secretary, Kamansky did notify in writing the Chicago office, and that thereafter a person, whom Kamansky testifies was the adjuster, appeared upon the scene and negotiations in regard to the loss were had. It does not appear that objections were ever made that the notice was insufficient or that the plaintiff was ever called upon for other or further proofs. In *Continental Ins. Co. v. Lippold*, 3 Neb., 391, it was said that the clauses in a policy as to preliminary proofs and notice should always be construed with great liberality, and that if objec-

tion is made by the company to the form of proof of loss, it is its duty to notify the party of the alleged defect, and failing to do so, it will be deemed waived. In *State Ins. Co. v. Schreck*, 27 Neb., 527, the policy did not require written notice, and it was held that under such a policy, where agents of the company were present at the fire and agreed to give notice to the company, and soon thereafter an adjuster appeared, this was sufficient. In *Union Ins. Co. v. Barwick*, 36 Neb., 223, it is repeated that if objection is made to the form of the proof it should be communicated to the insured, and he should be required to make out a full statement, otherwise the objection will be unavailing; that if a company has notice from its own agent that a loss has occurred and it sends an adjuster to estimate the amount, that constitutes a waiver. These authorities are all applicable to the case under consideration. There being no requirement as to the nature of the proof or notice, and notice in writing having been given by the authority of the plaintiff, and the adjuster having appeared in response thereto, this was a sufficient compliance with the policy, no objections having been communicated to the insured and no further proofs or information having been requested.

It is said that no waiver is pleaded. The amended petition pleads a performance of "all the conditions of said policy of insurance except final proof of loss, which was waived by the defendant." It is charged by plaintiff in error that the last clause was not in the petition when the case was tried, and a passage near the close of the bill of exceptions tends to corroborate this statement. We place the decision rather upon the ground that the terms had been complied with than that there had been a waiver; but if the case was one of waiver, we would have to accept the transcript of the record, authenticated by the clerk's certificate, as conclusive evidence of the contents of the pleadings, and could not permit this evidence to be im-

peached, either by statements of counsel or by colloquies in the bill of exceptions between counsel and the trial judge. It is true that there is a clause in this policy denying to agents the power to waive any of its terms or conditions, except in the case of a general agent at Chicago, who is only empowered to waive conditions by writing. This is not such a case as that of the *German Ins. Co. v. Heiduk*, 30 Neb., 288, where such a provision was enforced. There is a distinction between waiving the terms of a policy and accepting and acting upon an attempted performance of such terms in such a manner as to adopt such attempts as a compliance. Probably no special agent could orally waive the requirement as to notice of loss, but the company itself, acting through an agent of general authority or one of special authority in that regard, might, and in this case did, accept what was done as sufficient and estop itself from requiring anything further.

The limitation clause in the policy was as follows: "No suit or action against this company shall be sustainable in any court of law or chancery unless commenced within six months next after such loss shall occur, any statute of limitations to the contrary notwithstanding." A respectable line of authorities is to be found in support of the validity of similar provisions. There have been at least two cases in this court whose language indicates that such provisions under certain conditions are enforceable. (*Barnes v. McMurry*, 29 Neb., 178; *German Ins. Co. v. Fairbank*, 32 Neb., 750.) In no case, however, has effect been given to such a provision in this state. Notwithstanding the authorities upon the subject, the writer would hesitate to commit himself to the view that the parties to a contract may bind the courts to a period of limitations other than that prescribed by statute. That question is not, however, necessarily in this case. The court instructed the jury upon the subject as follows: "If you find from the evidence that the defendant, by any conduct or statement of its adjusting agent

Phoenix Ins. Co. v. Red Bill Horse Lodge.

while attempting to adjust the said loss, did that which calculated to induce a reasonable belief in the plaintiff that the claim would be paid without suit, and that the plaintiff was reasonably induced by such conduct of defendant and proposition of settlement to withhold bringing suit until after six months after said loss, then defendant will be deemed to have waived the right to insist upon requiring such suit to be brought within six months from the date of the loss." The evidence fairly tended to support this instruction. Persons undoubtedly authorized to represent the company to some extent and for some purposes in the adjustment of the loss were shown to have conducted negotiations and made proposals for settlement until after the expiration of six months. We have no doubt that if such a provision is of any validity the company may, by its conduct, estop itself from claiming the benefit thereof, and that when the company by holding out prospects of an amicable settlement induces the plaintiff to forbear suit until after the expiration of the time limited, the company is thereby estopped from claiming the benefit of the special limitation. (*Thompson v. Phoenix Ins. Co.*, 136 U. S., 287; *Steel v. Phoenix Ins. Co.*, 47 Fed. Rep., 863; *Martin v. State Ins. Co.*, 44 N. J. Law, 485; *Ripley v. Aetna Ins. Co.*, 30 N. Y., 136; *Blanks v. Hibernia Ins. Co.*, 36 La. Ann., 599; *St. Paul Fire & Marine Ins. Co. v. McGregor*, 63 Tex., 399; *Bish v. Hawkeye Ins. Co.*, 69 Ia., 184; *Home Ins. Co. v. Myer*, 93 Ill., 271.) All of the cases above cited fully recognize the principle and sustain the instruction given by the trial court. Some of them hold that under the facts of the cases under consideration there was no estoppel, but those cases were either where there was a denial of liability accompanying an offer to compromise or cases where there was distinct denial of liability following negotiations for a settlement and within such a period that there was a reasonable time after such denial to begin the suit before the period of limitations expired.

We can find neither error in the record nor merit in the defense interposed.

JUDGMENT AFFIRMED.

M. W. THOMPSON ET AL. V. JOHN T. WERTZ.

41	81
62	9

FILED JUNE 5, 1894. No. 5321.

1. **Review: ADMISSION OF EVIDENCE: PLEADING.** The proof must be confined to the issues as made by the pleadings, and the admission of irrelevant testimony in a case tried to a jury is prejudicial error where it may have influenced the verdict.
2. **Witnesses: IMPEACHMENT.** A party cannot impeach a witness by showing written or oral statements made by him contradicting his evidence without first calling his attention to such statements on cross-examination and asking him whether or not he made them.

ERROR from the district court of Howard county. Tried below before COFFIN, J.

Paul & Templin, for plaintiffs in error.

Meiklejohn & Thompson and *T. T. Bell*, *contra*.

IRVINE, C.

The defendant in error was the plaintiff in the district court and in his petition alleged that the plaintiffs in error, the defendants below, employed plaintiff as a traveling salesman under an oral contract, by the terms of which they guarantied to plaintiff a salary of \$2,000 per year; that in compliance with said contract plaintiff performed services for defendants, by reason of which services defendants became indebted to plaintiff in the sum of \$514.97, which amount was due and unpaid, and for which plaintiff

Thompson v. Werts.

prayed judgment. The defendants answered, denying every allegation not specifically admitted; then alleging that in November, 1888, the plaintiff was desirous of entering their employment as a salesman; that he claimed he was well acquainted with certain territory, including the state of Nebraska, and that he could sell therein a large amount of goods, as large as \$50,000 per year, and that thereupon he was employed under a contract as follows: That he should sell not less than \$30,000 per annum; that the cost of selling such goods should not exceed seven per cent, and that if he should sell said sum of \$30,000 per annum he could draw a salary at the rate of \$2,000 per annum and also have his traveling expenses advanced, and that if either party became dissatisfied such party could terminate the contract at his will. Defendants further allege that the employment of plaintiff was unsatisfactory to them; that his sales from December 1, 1888, to October 1, 1889, amounted only to about \$11,000; that about October 1, 1889, plaintiff abandoned the work; that at divers times during his term of employment plaintiff refused to obey instructions, and that defendants had already paid him more than was due him. The reply was a general denial. There was a verdict and judgment for the plaintiff.

The defendants assign forty errors, mostly relating to the instructions and to the admission of evidence. We shall consider only two assignments, and those relating to the evidence. In order to their discussion a consideration of the pleadings and a reference to the manner in which the trial was conducted is necessary.

The plaintiff's theory upon the trial was that he had been employed for a year certain at a fixed salary of \$2,000. The defendant's theory was that they had employed plaintiff upon a contract terminable at the will of either; that he was to draw during his employment at the rate of \$2,000 per year, but that in no event was he to receive more than that sum, nor was he to receive, if his sales fell short of \$30,000

per year, a greater sum than that which, added to his traveling expenses, would amount to seven per cent of his sales. It is extremely doubtful whether the pleadings presented such issues. The petition merely alleged, without dates, a contract of employment at \$2,000 per year, without stating the term of employment; that is, from all that appears from the petition, plaintiff might have been employed for an indefinite period, his pay to be at the rate of \$2,000 per year. In the next place the petition, after stating this contract, merely alleges a conclusion, that by reason of services performed the defendants became indebted to him in a certain amount, without stating the time he was employed or other facts from which this conclusion was drawn. The answer alleged quite specifically the contract as defendants claimed it to be, then alleged a voluntary abandonment of the work by plaintiff, and alleged a breach of contract by his refusing to obey instructions. The evidence upon the trial took a wide range. The plaintiff undertook to prove the contract as he claimed it to be. The defendants undertook to prove it as they alleged it. They then undertook to prove that Wertz was incompetent; that he wasted his time; that his expense accounts were exorbitant; that he had misrepresented to them the character of his services for other firms prior to their engagement. To rebut this the plaintiff undertook to prove that defendants were dilatory in advancing him money to pay his traveling expenses; that they were about to go out of business and allowed their stock to run down; that they were unable to fill the orders which he sent them, and that his inability to make large sales was due to their failure to properly fulfill their contracts with purchasers. The evidence was largely by depositions in narrative form, containing, hopelessly commingled with competent evidence, statements as to the contents of letters, arguments, and even invective against the different parties. With pleadings in such shape, the case tried on such theories, and the evidence adduced in

such a manner, it is not surprising that the trial judge made some errors in the admission of evidence. His rulings were, under the circumstances, generally more accurate than could be expected.

Mr. Cushing, a member of the firm which had formerly employed Wertz, gave his deposition for the defendants to the effect that his firm had employed Wertz for two years; that the last year he sold less than \$30,000, and that they deemed it to their interest to have him leave their employment. This was wholly irrelevant, but was received without objection. The plaintiff in rebuttal introduced in evidence two letters written by Cushing to Wertz at the close of his employment,—one wishing him health, happiness, and success, and stating that he had the best wishes of Cushing's firm; the other saying, "We wrote to Austrian, Wise & Co. and gave you a good setting-up." The admission of these letters was objected to. If Cushing's direct examination had been admissible, these letters might have been competent, in connection with some explanations he gave on his cross-examination, for the purpose of contradicting his statements that Wertz's employment had not been satisfactory and that he was not an efficient salesman; but Cushing's attention was not called in any way to these letters on his cross-examination. They were for that reason inadmissible to impeach him. They were also entirely immaterial to the issues, and the fact that the plaintiff had permitted his equally immaterial direct evidence to go in without objection rendered this evidence none the less objectionable when offered.

The deposition of one Carl A. Treusch was read in evidence by the plaintiff. This deposition consisted of a single question and its answer. Treusch was asked to relate his experience in dealing with the defendants and all matters in his knowledge pertaining to the case. He answered that he bought one bill of goods of the defendants, but found them not to be what he called square business men,

 Davis v. Hilbourn.

for the following reasons: He had bought a large bill of goods, among which there were some which the defendants did not send him, and then in detail he stated that the goods which were sent were not properly finished and were shelf worn; that the prices were not correct and the whole order not as it should have been; that he had always found plaintiff to be a straight, honest man; that he had bought goods before from him; that he was a good salesman, and knew the value of goods. On objection made to the question by the plaintiff, the court struck out the statement that the defendants were not what he called square business men, but admitted the rest of the answer.

We need enter into no argument to show the entire irrelevancy of all this testimony to the issues as made by the pleadings. It was of such a character that it may have influenced the jury, and the error was prejudicial. For the errors referred to the judgment must be reversed and the cause remanded for further proceedings.

REVERSED AND REMANDED.

EDWARD F. DAVIS v. JOSEPH HILBOURN.

FILED JUNE 5, 1894. No. 4587.

1. **Chattel Mortgages: DEBTS OF THIRD PERSONS: VOLUNTARY ASSIGNMENTS.** A chattel mortgage is not void as constituting a prohibited assignment for creditors solely for the reason that it is made to secure the payment of debts to third persons as well as to the mortgagee. *Hamilton v. Isaacs*, 34 Neb., 709, and *Jones v. Loree*, 37 Neb., 816, followed.
2. **Review: VERDICT: SUFFICIENCY OF EVIDENCE.** The discretion of a trial judge to set aside a verdict as not sustained by the evidence is greater than that of an appellate court. Where a verdict has for its support substantial, competent evidence, and the trial judge has refused to set it aside as being without

41	35
44	596
41	35
50	496

Davis v. Hilbourn.

support, this court will not disturb the verdict, although the evidence, upon examination, may seem of doubtful credibility.

2. —: TRIAL: INSTRUCTIONS: ASSIGNMENTS OF ERROR. The objection that the trial judge failed to instruct the jury upon the law of the case is not raised by the assignment that the court erred in giving such instructions as were given, those instructions upon the subjects to which they related being correct.

ERROR from the district court of Gage county. Tried below before BROADY, J.

A. Hazlett and Rickards & Prout, for plaintiff in error.

R. S. Bibb, Samuel Rinaker, and W. V. A. Dodds, contra.

IRVINE, C.

This action was in the nature of trover by Hilbourn against Davis, who was sheriff of Gage county, for the value of the stock, furniture, and fixtures of a restaurant formerly conducted in Beatrice by one Bromley and one Coonley. The plaintiff claimed under a chattel mortgage. The defendant justified under an execution upon a judgment against Bromley & Coonley. The answer alleged that the mortgage to plaintiff was in fraud of creditors of Bromley & Coonley. There was a verdict and judgment for plaintiff.

The assignment of error to which the argument is for the most part addressed is that the verdict was not sustained by the evidence. The evidence tends to show that in 1883 Mrs. Coonley received from her father \$500, which she lent to Coonley for use in his business at six per cent interest; that he kept this money without giving any evidence of the indebtedness until early in 1889, when he formed a partnership with Bromley and opened the restaurant in Beatrice; that at this time he was indebted to his wife in the sum of \$626, and that this sum was invested in the business of Bromley & Coonley, the firm making its note to Mrs. Coonley, dated May 3, 1889.

Davis v. Hilbourn.

The plaintiff below, Hilbourn, also lent Bromley and Coonley \$300, but took no note at that time. The business did not prosper, and in June Peycke Brothers, to whom the firm owed a bill, were pressing for payment. Hilbourn, learning of this state of affairs, insisted upon security. The firm informed him of the indebtedness to Mrs. Coonley and desired him to take a second mortgage subject to her indebtedness. This he refused to do, and eventually Mrs. Coonley indorsed her note to Hilbourn. Bromley & Coonley executed to Hilbourn their note, dated May 3, for the amount of Hilbourn's debt, and executed and delivered to Hilbourn a mortgage upon the stock in controversy to secure both notes. Mrs. Coonley's note was delivered to Hilbourn by Bromley & Coonley, and it is admitted that the indorsement to him was merely for convenience and for the purpose of collection. Hilbourn took possession under the mortgage, permitted the business to be continued for two or three days (but he claims for his own benefit and not for that of Bromley & Coonley), then closed the place of business and retained possession for a few days longer until the goods were seized by the sheriff. The foregoing are the essential facts disclosed by the evidence. We think they are sufficient to sustain the verdict.

The defendant seems, upon the trial, to have relied chiefly upon the case of *Bonns v. Carter*, 20 Neb., 566, and to have considered that case as conclusive in his favor by constituting the mortgage an assignment for creditors and therefore void for not conforming to the assignment law. Since the trial of the case in the district court, however, *Bonns v. Carter* has been overruled. (*Hamilton v. Isaacs*, 34 Neb., 709; *Jones v. Loree*, 37 Neb., 816.) The fact that the mortgage was given to secure not only Hilbourn's debt but also the debt to Mrs. Coonley did not render the instrument void as an attempted assignment, the instrument being plainly a mortgage and not an assignment, when tested by the rule announced by Judge REESE in the dis-

Davis v. Hilbourn.

senting opinion in *Bonns v. Carter* upon rehearing (22 Neb., 495) and by the rule announced in *Hamilton v. Isaacs* and *Jones v. Loree, supra*. The instrument, therefore, not being void as an attempted assignment, it was valid as against the creditors of Bromley & Coonley, if given to secure *bona fide* debts of the firm and without any intention, participated in by the creditors secured, of hindering, delaying, or defrauding other creditors. The mere fact that a preference was created, if done in good faith, would not avoid the instrument. (*Hamilton v. Isaacs, Jones v. Loree, supra*.) So far as Mrs. Coonley's debt was concerned, we are aware of the rule subjecting such transactions between husband and wife to close scrutiny, and we were also impressed, upon examining this record, with the fact that the testimony of Mr. and Mrs. Coonley, when taken with the surrounding circumstances, is not above criticism. Indeed, there is much in the record calculated to arouse suspicion as to the motives of the parties to the mortgage. This question was, however, for the jury (Comp. Stats., ch. 32, sec. 20), and the jury found in favor of good faith. To this finding the trial judge, by overruling a motion for new trial, set his seal of approval. His opportunities for considering the sufficiency of the evidence were better than ours. Had he seen fit to set aside the verdict, it is probable that we would not disturb his ruling, but there being competent evidence to support the verdict, and the trial judge having considered the evidence sufficient, it is not for us to disturb his finding thereon. There is a marked distinction between the discretion which may be exercised by the trial judge, who sees the witnesses and is an eye and ear witness to the proceedings upon the trial, and that of this court, which is limited in its review of the evidence to a consideration of a written record, in which many of the tests for determining the credibility of witnesses are absent. It is for this reason that this court always refuses to weigh conflicting

evidence or to set aside a verdict which has for its support any substantial, competent testimony. The distinction between trial courts and appellate courts upon this subject is stated with force and incontrovertible logic in *Dewey v. Chicago & N. W. R. Co.*, 31 Ia., 373.

What we have said in regard to the sufficiency of the evidence practically disposes of most of the assignments of error. Certain instructions asked by the defendant were refused. Some of these were based upon the rule announced in *Bonns v. Carter*, which we have already referred to. The others were based upon the theory that the indebtedness to Mrs. Coonley was the individual indebtedness of Coonley, and not that of the firm. Whatever may be said of the inference to be drawn from the evidence as to the motives of the parties to the transfer, there is no evidence at all to support the latter class of instructions. The uncontradicted evidence is that while Coonley had originally borrowed Mrs. Coonley's money, it was turned over to the partnership upon its formation and treated immediately as a partnership debt, and not as an advance or contribution of capital by Coonley.

But one instruction was given by the court. It was to the effect that if the jury should find the plaintiff had a valid mortgage, the amount of recovery should be the amount of debts secured, with interest, provided such sum did not exceed the value of the property; but if the debt exceeded the value of the property, then the verdict should be for such value, with interest from the time of seizure. The criticism made upon this instruction is that it failed to state to the jury fully the issues and the law of the case. We think the court should have instructed the jury more fully upon the law of the case; but this instruction was correct as far as it went, and neither in the motion for a new trial nor in the petition in error do we find any assignments based upon the failure of the court to instruct upon the law of the case. The instruction complained of

McDonald v. Aufdengarten.

being correct in itself, the assignment of error directed against it must be overruled.

JUDGMENT AFFIRMED.

CHARLES McDONALD V. L. AUFDENGARTEN.

FILED JUNE 6, 1894. No. 5075.

1. **Negotiable Instruments: BONA FIDE HOLDERS: EVIDENCE.** In an action by the transferee of a negotiable promissory note properly indorsed before maturity, the production of the note shows *prima facie* that he is a *bona fide* holder, and is sufficient to entitle him to recover.
2. ———: ———: ———: **BURDEN OF PROOF.** In an action against the maker of a negotiable promissory note by the indorsee thereof, before maturity, proof that the note is tainted with usury shifts to the plaintiff the burden of showing that he is a *bona fide* holder for value without notice.
3. **Usury: NOTICE TO INDORSEE OF NOTE: EVIDENCE.** When the defense to a note is usury, evidence that the indorsee knew at the time of the purchase that the payee usually loaned money at an usurious rate of interest, while insufficient of itself to charge the purchaser with notice of the defense, is competent to go to the jury as a circumstance to be considered, in connection with other proven or admitted facts, as tending to establish that plaintiff took the paper with notice of its infirmities. (*Blackwell v. Wright*, 27 Neb., 269.)
4. ———: **RENEWAL NOTES.** Every renewal of a note given for a usurious loan of money is subject to the defense of usury between the original parties and purchasers with notice.
5. ———: **SUFFICIENCY OF EVIDENCE.** The evidence considered, and held sufficient to sustain the plea of usury, and that plaintiff was not an innocent purchaser without notice.
6. **Review: VERDICT.** Held, That under the pleadings and proof plaintiff was entitled to recover a larger sum than was awarded him by the verdict.

41	40
46	887
41	40
50	515
54	210
41	40
57	311
41	40
61	749
61	750
41	40
62	504

ERROR from the district court of Keith county. Tried below before CHURCH, J.

George E. French and Grimes & Wilcox, for plaintiff in error.

E. J. Short and John J. Halligan, contra.

NORVAL, C. J.

This action was brought by Charles McDonald upon two promissory notes signed by the defendant in error, each for the sum of \$2,000, payable to the order of the Keith County Bank, and bearing date September 10, 1889. The petition contains the usual averments. The answer sets up the defense of usury. Plaintiff for reply denies each and every allegation contained in the answer, and avers that he purchased the notes before their maturity, for a valuable consideration, and without notice or knowledge of any of the transactions or matters pleaded in the answer. Upon the trial the jury returned the following verdict:

"CHARLES McDONALD, PLAINTIFF, }
V.
L. AUFDENGARTEN, DEFENDANT. }

"We, the jury in this case, being duly impaneled and sworn in the within entitled cause, do find that the consideration for the notes upon which this action was brought was usurious, and that when the plaintiff Charles McDonald purchased said notes he had notice of the usurious consideration for said notes, and that there is now due from the defendant to plaintiff the sum of \$181.37.

"C. DEPRIEST,
"Foreman."

Plaintiff presented to the court below a motion for a new trial, which was overruled, and judgment was rendered upon the verdict of the jury.

After the plaintiff had put in evidence the notes in controversy, and before he closed his case in chief, he offered to prove by his own testimony that he purchased the notes before maturity, for a valuable consideration, without notice of any defense existing against them. The testimony was excluded, and this ruling of the trial court is the foundation of the first assignment of error. The notes being negotiable in form, and properly indorsed by the payee, their possession by the plaintiff was sufficient to establish a *prima facie* case. At the time the offered testimony was excluded the defendant had not put any evidence, therefore the law presumed the plaintiff to be a *bona fide* holder for value. When the defendant introduced evidence establishing his defense of usury, the burden was thereby cast upon the plaintiff to show that he was an innocent purchaser of the paper for value, and before maturity. This is the settled rule in this state. (*Wortendyke v. Meehan*, 9 Neb., 221; *State Savings Bank of Missouri v. Scott*, 10 Neb., 86; *Cheney v. Cooper*, 14 Neb., 416; *Evans v. De Roe*, 15 Neb., 630; *Darst v. Backus*, 18 Neb., 231; *Cheney v. Janssen*, 20 Neb., 128; *Knox v. Williams*, 24 Neb., 630; *Lincoln Nat. Bank v. Davis*, 25 Neb., 376; *First Nat. Bank of North Bend v. Miltonberger*, 33 Neb., 847; *Colby v. Parker*, 34 Neb., 511; *Suiter v. Park Nat. Bank*, 35 Neb., 372.) After the defendant rested, the plaintiff was permitted, on rebuttal, to go fully into the question of the *bona fides* of the transfer of the notes. This was the proper practice, since plaintiff was not required to produce proof on that branch of the case when introducing his evidence in chief.

Three assignments in the petition in error are based upon the rulings of the trial court in admitting in evidence certain canceled notes, which had been executed by the defendant to the Keith County Bank, and the bank books, and also the overruling of the plaintiff's motion to strike out the testimony of O'Brien and the defendant with reference to said books. The uncontradicted proofs show that

the notes sued on were renewals of numerous other notes which had been given by the defendant to the bank, but which had been returned to the defendant canceled. These canceled notes, the testimony of the witnesses above mentioned, and the bank books were permitted to go before the jury for the purpose of establishing that the notes declared upon were renewals of others executed by defendant for the loan of money in excess of the legal or statutory rate. The criticism made upon this class of testimony in the brief of counsel is that the same was incompetent, until some evidence was first introduced tending to show that the plaintiff had notice or knowledge of the usurious transaction. Defendant was not required, under the authorities cited above, to establish in the first instance that plaintiff was aware of the consideration for which the notes were given; but it was legitimate and proper for the defendant to prove that the notes were usurious, and having done this, the burden of showing good faith was on plaintiff below.

Complaint is made because the defendant was permitted to testify what the customary rate of interest charged by the Keith County Bank to its customers was from the latter part of 1885 until September, 1889, this being the period during which the alleged usurious loans were made by the bank to the defendant, and which are represented in part by the notes sued on herein. If this testimony was improperly admitted, plaintiff was not thereby prejudiced, inasmuch as the same witness, but a moment before, had stated, without objection, that the customary rate of interest at which money was loaned by the different banks in the county during the time mentioned in the interrogatory criticised was "from twelve to thirty-six per cent per annum," which is precisely the same answer that was made to the question to which plaintiff takes exception. This evidence was not of a very convincing character, and, standing alone, falls far short of showing that plaintiff

knew, or had notice, when he purchased the notes that they were given in a usurious transaction; but for the same to be of any value, it should further appear that plaintiff knew, or was chargeable with notice, at the time of the purchase, that the bank or payee usually contracted for and charged interest for the use of money in excess of the legal rate. This court, in considering a similar question in the case of *Blackwell v. Wright*, 27 Neb., 272, uses this language: "While the fact alone that the purchaser of the note knew that the vendor and payee was loaning money at an usurious rate might not of itself be sufficient to charge the purchaser with notice of the defense of usury, yet it would be competent, as a circumstance to be considered in connection with other proven or admitted facts, as tending in that direction; and the court did not err in overruling plaintiff's objection to the question asked." In the case at bar plaintiff admitted on cross-examination that he himself made usurious loans, and knew when he bought these notes that the interest usually charged by the payee exceeded the rate fixed by statute. In view of this, and other facts disclosed by the record, we conclude that the objection to the question asked was properly overruled.

The three remaining assignments of error argued in the brief are as follows: The court erred in overruling plaintiff's motion made at the close of the testimony, to instruct the jury to return a verdict in his favor for the face of the notes and interest, less payments, amounting to \$250, indorsed thereon; the verdict is not sustained by the evidence; and the verdict is contrary to the fourth and fifth instructions given by the court on its own motion. These assignments raise substantially the same questions, and will be considered together.

Are the notes in suit tainted with the vice of usury? The evidence upon this branch of the case is without conflict, and may be summarized as follows: The defendant has been for years a resident of, and engaged in business

in, Keith county. In the year 1884 he commenced doing business with the Keith County Bank, by making deposits of money therein, subject to be drawn upon his checks. Prior thereto he entered into a contract with the bank, through its president, whereby it was agreed that the bank should furnish him the necessary money needed to carry on his business, and permit him to overdraw his account, and he was to pay the bank on such overdrafts interest at the rate of ten per cent per annum. Under this arrangement the defendant overdrew his account with the bank at various times until June, 1886, he paying ten per cent on the money. On the 1st day of June of the year last mentioned, the defendant's overdraft was \$3,648.85, and on the last day of the month it had reached the sum of \$7,246.38. During the month of June, 1886, the defendant entered into another contract with the bank, by which it was agreed that he should pay twelve per cent interest upon all overdrafts from and after the first day of that month, and interest at that rate was thereafter charged on his overdrafts and added to his account monthly, except for the month of August, he was charged eighteen per cent; for November, fifteen per cent, and for April, 1887, he was charged forty-eight per cent. The overdraft of the defendant at the bank continued to increase from June, 1886, until September 21st of the same year, when it reached nearly \$12,000. On said date the defendant executed and delivered to the bank his promissory note in the sum of \$10,000, due November 1st following, drawing ten per cent interest after due. Twelve per cent interest until maturity, or \$240, was deducted from the face of this note, and the defendant was credited on his overdraft with \$9,760. On November 22, 1886, the defendant owed the bank the \$10,000, besides an overdraft exceeding \$3,500. On that day he executed to the bank his two promissory notes, one for \$7,210, due in three months, and the other \$5,375, maturing in five months, both by their terms draw-

ing interest at ten per cent after due, the notes being discounted at twelve per cent for the time they were to run. With the proceeds of these notes the \$10,000 note was taken up, and the remaining \$2,000 was applied on his overdraft. The two notes executed on November 22d were renewed at their maturity by the defendant giving in lieu thereof two other notes of \$5,000 each, the balance due on the surrendered notes being at the time paid in cash. The two \$5,000 notes were subsequently renewed by the defendant executing to the bank other notes, which in turn were likewise renewed, and so on, there being numerous renewals of the debt, prior to the giving the notes in suit, some of which renewals included the amounts of defendant's overdrafts made after November 22d, and upon which illegal interest had been charged and paid. Most of the renewed notes included interest on the indebtedness at the rate of eighteen per cent per annum, and, excepting the two notes involved in this litigation, all were renewed at a usurious rate. On September 10, 1889, the amount of the indebtedness to the bank on the transactions already detailed had been reduced by payments upon the principal of \$8,433, and upon interest \$3,608.63, and these notes are the last or final renewals of the balance of the indebtedness.

Upon the foregoing facts, it is contended that the defense of usury is not available, even if the notes were in the hands of the original payee. Counsel for plaintiff, in the brief, say: "The original contract, by virtue of which these banking transactions were had and this indebtedness incurred, was free from the taint of usury, and it was only after the debt of the defendant to the Keith County Bank had reached \$7,246.38, a sum much larger than that for which plaintiff has sued, that any excess was charged." The above sum of \$7,246.38 represented the amount of defendant's overdraft on June 30, 1886. Counsel are in error in stating that it was not until the indebtedness reached that sum that interest in excess of the legal rate was paid,

since the undisputed testimony is to the effect that twelve per cent was charged on the average daily overdrafts for June, 1886, and that the amount of overdraft existing on June 1st, on which no usurious interest had prior thereto been contracted to be paid the bank, was \$3,648.85. This correction, however, would only become important in case it should be determined that the notes in controversy were not usurious to the extent of the amount due the bank at the time interest in excess of the legal rate was first collected from the defendant by the bank on his overdraft. In *Richards v. Kountze*, 4 Neb., 200, GANTT, J., speaking for this court, says: "If the original contract is *bona fide*, and wholly free from the taint of usury, then no subsequent agreement to pay usury or an usurious premium upon the debt will invalidate the instrument given for the payment of the debt, or affect the original contract with the vice of usury, or prevent the collection of the debt with its legal interest. And this proposition, I think, is well founded in principle and just in equity, for, if there was once a valid subsisting debt, bearing interest, the contract creating such debt cannot be impaired or destroyed by a subsequent void agreement." The rule thus stated was affirmed in *Dell v. Oppenheimer*, 9 Neb., 454. We adhere to these decisions, but they are distinguishable from the cause under consideration. In each of the cases referred to, the action was upon the original contract of loan, which was not tainted with usury, and not upon the subsequent void agreement to pay usurious interest upon the contract after it matured. In neither was there any renewal of the original indebtedness by the giving of a usurious note. In the case at bar the action was not brought to recover the amount of the overdraft existing on June 1, 1886, and upon which no illegal interest had then been charged, but to recover upon notes, given in renewal of other notes, which included and represented numerous usurious transactions between the defendant and the bank. It should be

McDonald v. Aufdengarten.

borne in mind that interest in excess of the lawful rate had been contracted for and paid, not only upon the notes of which these are renewals, but upon all overdrafts after June 1st, including the amount due upon the overdraft on that date. A loan of \$10,000 at twelve per cent, as we have already stated, was made the defendant and the proceeds of the same credited to the defendant's account with the bank. More than double the amount which the defendant's account was overdrawn in June, 1886, has since been paid. It is true no usurious agreement was entered into when the notes in question were taken, and they on their face bear a legal rate; but being merely renewals of obligations which had been given in connection with numerous usurious transactions, the taint of usury attaches to them. It is the settled law of this state that every renewal of a note given for a usurious loan of money is subject to the defense of usury, to the same extent as if the action had been brought on the original obligation. (*Nelson v. Hurford*, 11 Neb., 465; *Knox v. Williams*, 24 Neb., 630.) We do not deem it necessary to review the authorities cited in the brief of plaintiff in error to sustain his contention. Most of them are in line with *Richards v. Kountze*, *supra*, and for the reason stated above are inapplicable. The jury in their verdict expressly found that the notes were usurious, and we are constrained to hold that the evidence is ample to support such finding.

It is next contended that the defense of usury is not available against this plaintiff. The rule is that one who purchases a negotiable note for value before due, in the usual course of business and without notice, is a *bona fide* purchaser, and takes the paper free from all defenses which existed in favor of the maker while the instrument remained in the hands of the payee. (*Wortendyke v. Meehan*, 9 Neb., 229; *Evans v. De Roe*, 15 Neb., 630; *Dobbins v. Oberman*, 17 Neb., 163; *Cheney v. Janssen*, 20 Neb., 128.) Applying this rule to the case at bar, did the evidence justify the jury

McDonald v. Aufdengarten.

in finding that the plaintiff was not an innocent purchaser? It is undisputed that he paid for the notes \$3,800, which was their full value; but that alone was not sufficient to entitle him to the protection the law affords a *bona fide* holder. Upon the subject of notice the plaintiff on rebuttal testified in answer to questions as follows:

Q. State what, if any, notice you had of the dealings of L. Aufdengarten with the Keith County Bank at the time of the purchase of these notes in suit.

A. I really had no information regarding his dealings with the bank.

Q. You may state whether or not you had any knowledge of any usurious transactions between L. Aufdengarten and the Keith County Bank.

A. I did not.

Q. Did you have any knowledge of any defense that could be set up to these notes?

A. No, sir; I had no knowledge whatever before I took the notes. I supposed it to be a straight business transaction.

Q. State what, if any, knowledge you had in regard to L. Aufdengarten's standing or reputation at that time.

A. I had known L. Aufdengarten for some years, and I had been in his place of business when he ran a store on the south of the track, and I knew that he was doing a large business in the mercantile line, and I was informed that he had a large ranch, well stocked with cattle at that time, and that he was the owner of a mill, or had a large interest in a mill.

Q. You may state whether or not you supposed at that time he was all right financially.

A. I had been all the time led to believe that he was one of the wealthiest men of this part of the country.

Q. State whether or not the Keith County Bank gave you any notice of any dealings or transactions that they had had with L. Aufdengarten.

Objected, as leading.

Q. State what notice they gave you of their dealings with the defendant.

A. They did not give me any information as to the character of their dealings at all.

Q. State whether they gave you any reasons for wanting to sell these notes or not.

A. The only reason they assigned was they wanted to realize some money on them.

* * * * *

Q. You may go on and state if anything was brought to your knowledge, either by sign, word, or deed, as to any usury or other defense to these notes.

A. There was no notice whatever of any kind.

It must be conceded by all, we think, that if the foregoing testimony stood alone, and that none of the other facts and circumstances disclosed by this record were to be considered, the jury would have been warranted in finding, nay, more, it would have been their duty to have found, that the plaintiff was a *bona fide* purchaser, before maturity, for value and without notice. There appear in the testimony facts which tended to show that plaintiff took the paper either under such circumstances which ought to have excited his suspicion, or with knowledge of facts which would have put a prudent person upon inquiry, which, if pursued, would have shown that the notes were usurious. We have already mentioned the fact that plaintiff had knowledge that the payee of the notes usually loaned its funds at a usurious rate of interest. Plaintiff admits having a conversation with the president of the bank some time prior to the purchase of these notes, in which the president proposed that the plaintiff discount some of the bank's paper, and mentioned that the bank held notes of the defendant, which he would dispose of, yet these notes sued upon had not, at that time, been given, and within four days after they were executed, plaintiff purchased them. Another fact to be considered is the manner in which the

McDonald v. Aufdengarten.

notes were transferred. Each was indorsed on the back as follows: "Without recourse. By J. H. Carnahan, cashier of Keith County Bank." The character of the indorsement was not of itself sufficient to charge the plaintiff with notice of the informities of the paper. (*First Nat. Bank of Rapid City v. Security Nat. Bank of Sioux City*, 34 Neb., 71); but the jury were entitled to take the same into consideration, with all the other circumstances proved, in determining the character of the transfer. Notwithstanding the above indorsements on the back of the notes, the bank executed on a separate paper and delivered to the plaintiff at the time of the transfer the following instrument:

"SEPTEMBER 14, 1889.

"For value received, we hereby guaranty all reasonable costs or deficiencies of interest or principal that may occur in the collection of two certain notes signed by L. Aufdengarten, and payable to the order of the Keith County Bank, dated September 10, 1889, and coming due on January 10, 1890, and of two thousand dollars each (\$2,000), and Nos. 4732 and 3. The above described notes being sold and assigned to the bank of Charles McDonald.

"KEITH COUNTY BANK,

"By H. CARNAHAN, Cashier."

The foregoing and the writing on the back of the notes, all belonging to the same transaction and executed at the same time, must be construed together, and so construed we must hold do not constitute an indorsement according to commercial usage. (*Hatch v. Barrett*, 8 Pac. Rep. [Kan.], 134.) The peculiar manner of the indorsement of the notes, together with the other facts alluded to, are sufficient to sustain the finding of the jury that plaintiff was not a *bona fide* purchaser in the usual course of business, and the defense of the maker was not cut off by the transfer. There was no error, therefore, in refusing to instruct the jury to return a verdict for the plaintiff for the full amount demanded in the petition.

Brown v. Ritner.

Under the pleadings and the evidence, plaintiff was entitled to recover a larger sum than \$181.37, the amount awarded him by the verdict. The transactions between the bank and the defendant are set up with great particularity in the answer, consisting of thirty-seven paragraphs, the last two being a summary of the other thirty-five. In the thirty-sixth paragraph it is alleged that the total amount of money received by the defendant from the bank is \$12,433, and in the last paragraph of the pleading the different items of payment on the principal are stated, which aggregate \$8,433, as well as the several items of interest paid, amounting to \$3,608.63. The total sum averred to have been paid on the loan is \$12,041.63, or \$391.37 less than the aggregate amount of moneys actually received from the bank. The evidence tended to establish the various allegations in the answer as to the amounts the defendant received on the loan and the payments made thereon by him. The verdict is \$210 too small. (*Hall v. First Nat. Bank of Fairfield*, 30 Neb., 99.) The judgment is therefore reversed and the cause remanded.

REVERSED AND REMANDED.

WILLIAM BROWN V. WILLIAM R. RITNER.

FILED JUNE 6, 1894. No. 5262.

1. Review: ERROR PROCEEDINGS: MOTION FOR NEW TRIAL.

The supreme court, upon a petition in error, will not examine the question of the sufficiency of the evidence to support either the findings of a court or the verdict of a jury, unless such question has been first presented to the trial court by a motion for a new trial and a decision obtained thereon.

2. Motion for New Trial: TIME TO FILE. Such a motion, except upon the ground of newly discovered evidence, must be filed within three days after the verdict or decision was ren-

41	52
45	204
45	208
41	52
47	164
47	897
41	52
54	58
41	59
56	359
41	52
53	431
58	555
158	606
41	52
59	305

Brown v. Ritner.

dered, unless the party was unavoidably prevented from making the same in time.

3. **Review: JUDGMENTS: TRIAL DOCKET ENTRIES.** (This court cannot consider entries made upon the trial docket of the district court for the purpose of ascertaining what was decided in the court below. The approved journal entry of a judgment is indisputable evidence of what the judgment was.)

ERROR from the district court of Lincoln county. Tried below before **CHURCH, J.**

Grimes & Wilcox, for plaintiff in error.

T. Fulton Gantt and James M. Ray, *contra*.

NORVAL, C. J.

This was an action in replevin by William Brown against William C. Ritner, for the recovery of a horse, which plaintiff claimed by virtue of a chattel mortgage executed by the owner of the animal. The defendant claims the right of possession by virtue of a contract made with the owner of the horse for his keep. The defendant won in the court below, and the plaintiff prosecutes a petition in error, alleging that the verdict is contrary to law and the evidence.

The question we are asked to decide is, whether the lien of the agister is paramount to the lien of plaintiff's chattel mortgage, and this cannot be determined without an examination of the evidence in the bill of exceptions. We cannot review the sufficiency of the evidence to support the finding and judgment, because no motion for a new trial has been passed upon by the trial court. The insufficiency of the evidence to support the verdict of a jury, or the findings of a court, is specially named in section 314 of the Code of Civil Procedure as one of the grounds for a new trial, and in order to review the evidence, by petition in error, a motion for a new trial, alleging the insufficiency of the evidence, must be presented to the dis-

Brown v. Ritner.

district court and a ruling obtained thereon. This proposition is well established by repeated judicial utterances of this court. (*Cropsey v. Wiggernhorn*, 3 Neb., 108; *Carlou v. Aultman*, 28 Neb., 672; *Jones v. Hayes*, 36 Neb., 526; *Withnell v. City of Omaha*, 37 Neb., 621.) It is due the trial court, as well as to litigants, that every opportunity should be afforded for the examination and correction of errors while the case is pending in the court below, where the same can be reviewed with but little expense or delay. For this purpose the legislature has authorized the filing of a motion for a new trial, and it must be presented to, and passed upon by, the trial court before the decision can be reviewed by this court on error. The journal entry of the judgment found in the transcript shows that the cause was tried to the court, without a jury, on June 19, 1891, and was taken under advisement, and that on the 10th day of November, following, a judgment for the plaintiff in due form was rendered. The transcript also contains a copy of a motion for a new trial, indorsed "Filed December 9, 1891." We must assume that this motion is still pending in the district court. If it has ever been passed upon, the copy of the journal entry fails to disclose it. The trial docket of the district court contains this entry in the case under date of December 7, 1891: "Plaintiff granted leave to file motion for a new trial. Motion overruled. Exception. Forty days from rising of court to perfect bill of exceptions." This memorandum, made by the trial judge upon his docket, is not competent evidence to show that the motion in question was denied. (See *Ward v. Urnson*, 40 Neb., 695.) That the notes made upon the judge's docket are not always reliable is fully verified in this case by the affidavit of the judge who presided in the court below, and which is attached to the bill of exceptions. The trial docket states, in substance, that judgment was rendered in favor of the plaintiff, while the journal entry and the affidavit referred to show that the judgment was for the de-

Thomas v. Long.

pendant. Again, the court journal contradicts the trial docket as to the date of the rendition of the judgment. The latter shows that it was entered on December 7th, while the former recites that it was given on November 10th. The judgment, as actually spread at length on the journal of the court, controls. This being true, the motion for a new trial, in any event, could be of no avail, since it was not filed until December 9th, or twenty-nine days after the rendition of the judgment. The statute requires that a motion for a new trial, except for newly discovered evidence, must be filed within three days after the verdict or decision was rendered. (Code, sec. 316.) The provision of the statute is mandatory. (*Fox v. Meacham*, 6 Neb., 530; *Roggenkamp v. Dobbs*, 15 Neb., 620; *Aultman v. Leahey*, 24 Neb., 286; *Davis v. State*, 31 Neb., 240; *McDonald v. McAllister*, 32 Neb., 514; *Fitzgerald v. Brandt*, 36 Neb., 683. The judgment is

AFFIRMED.

A. A. THOMAS V. JAMES W. LONG.

FILED JUNE 6, 1894. No. 5189.

Review. This case involves questions of fact only, and the conclusion of the trial court being in accordance with the evidence, the judgment will not be disturbed.

ERROR from the district court of Blaine county. Tried below before HARRISON, J.

I. D. Shamhart, for plaintiff in error.

M. B. Welch, contra.

POST, J.

This action originated before a justice of the peace for Blaine county, from whence it was taken by appeal to the

41	55
60	493
41	55
61	677

 Paxton v. Smith.

district court. The subject of the controversy is a certain Winchester shot gun of the alleged value of \$20, which had been seized by the plaintiff in error, as sheriff, to satisfy an execution against the defendant in error. The latter recovered before the justice, and also in the district court, on the ground that the gun in controversy was exempt from execution under the provisions of section 521 of the Civil Code. There are no questions of law presented by the record. The questions of fact were fairly submitted to the trial court, and the conclusion reached being in accordance with the proofs, the judgment is

AFFIRMED.

HARRISON, J., took no part in the above decision.

PAXTON & GALLAGHER V. M. E. SMITH & COMPANY.

FILED JUNE 6, 1894. No. 5391.

1. **Contracts: CONSTRUCTION.** Where the parties to a contract have, with a knowledge of its terms, given it a particular construction, such construction will generally be adopted by the courts in giving effect to its provisions.
2. **Chattel Mortgages.** A mortgage of personal property with possession and power of sale in the mortgagor, for his own benefit, is void as to his creditors and subsequent purchasers in good faith.
3. **—: POSSESSION BY MORTGAGOR: PRESUMPTION OF FRAUD.** A chattel mortgage, where the mortgagor retains possession of the property conveyed, is, under section 11, chapter 32, Compiled Statutes, entitled "Frauds," presumptively fraudulent as to creditors of the mortgagor and subsequent purchasers in good faith.
4. **—: —: —: BURDEN OF PROOF.** In all such cases the burden is upon the mortgagee, or those claiming through him, to overcome the presumption of fraud by proof that the mortgage was executed in good faith.

41	56
46	742
41	56
52	186
54	539
55	433
41	56
59	213

ERROR from the district court of Dundy county. Tried below before COCHRAN, J.

J. W. James, Howard B. Smith, and Smith & Powell, for plaintiffs in error.

J. S. West and Charles B. Keller, contra.

Post, J.

This is a petition in error from the district court of Dundy county, and presents the following material facts: On the 26th day of August, 1889, one John R. King was the owner of a stock of general merchandise in Benkleman, in said county, of the invoiced value of \$5,964.47, and the firm of McClain & Sons also engaged as general merchants in Benkleman, owned a stock invoiced at \$6,600. On the day above named a deal was consummated whereby said stocks were consolidated. As a consideration therefor McClain & Sons executed in favor of King their promissory notes for \$5,964.47, in amounts of \$300 each, one of which matured each month. At the same time a written agreement was executed in which it was stipulated that McClain & Sons "shall, as a part of this agreement, make, execute, and deliver to party of the first part promissory notes for the sum of \$5,964.47 as follows: One note for \$300, due on the 26th day of September, A. D. 1889, and one note for a similar amount due and payable on the corresponding day of each succeeding month until the gross amount of said notes so paid shall be equal to said sum of \$5,964.47, said notes to bear interest from date at the rate of ten per cent per annum. Party of the first part shall at all times have free access to said store and free opportunity to inspect all books, bills, invoices, and all stock in said store, so far as the same may be necessary to inform himself of and to protect his interest. He shall also be permitted at all times to keep in said store one representative, who may

look after and protect the rights and interests of party of the first part. Said representative shall, when not employed, assist in the said store as a clerk during the first two months, and shall therefor be paid by party of the second part such wages monthly as his services are reasonably worth, for two months and no longer, and as such clerk shall be under the supervision and direction of said party of the second part as if employed by party of the second part." In carrying on the business in accordance with the foregoing stipulation McClain & Sons became indebted to various persons, including the plaintiffs in error, to whom, on the 18th day of August, 1890, they owed \$641.94 for merchandise. On the day last named they executed in favor of plaintiffs in error a chattel mortgage for the amount of said bill upon the entire stock of goods, which mortgage was filed in due form on the next day. On the same day, to-wit, August 20, King took possession of the goods in order to realize the balance due under the contract with McClain & Sons, and on the same day defendants in error commenced a suit by attachment against McClain & Sons in the district court of Dundy county to recover the sum of \$—— for merchandise, and caused King to be summoned as garnishee, alleging that he had money and credits in his hands belonging to the defendants therein. King answered in due time as garnishee, admitting that he held a sum of money, the proceeds of said goods. At this point the plaintiffs in error were permitted to intervene in the attachment suit and assert their claim to the fund in controversy through the mortgage above described. The controversy was, as appears from the foregoing statement between plaintiffs in error as mortgagee and defendants in error as attaching creditors, over the proceeds of the stock of goods in the hands of King. A preliminary question with respect to the character of the instrument through which King claims may be briefly disposed of. Said contract has from the first been by both parties treated as a mortgage from

McClain & Sons to King, and in the plaintiffs in error's mortgage it is recited that it is "subject to a mortgage given August 26, 1889," evidently the contract with King. The construction thus adopted by the parties will be adhered to by this court. (*School District v. Estes*, 13 Neb., 52; *Rathbun v. McConnell*, 27 Neb., 239.)

2. We come now to a consideration of plaintiffs in error's mortgage. It is true the district court made a general finding only, but it evidently determined the mortgage to be void as to creditors of McClain & Sons, and that finding is, we think, in accordance with the decided weight of the evidence. For instance, two of the McClains testify to a specific agreement at the time of the execution of the mortgage that they, the McClains, should remain in possession of the mortgaged goods and sell from and replenish them in the usual course of business. This statement is, it is claimed, denied by Mr. Platter, who represents the plaintiffs in error in the transaction; but assuming that counsel correctly interpret the testimony of the witness named, the finding of the district court is conclusive in this proceeding. It was held in *Tallon v. Ellison*, 3 Neb., 63, that a mortgage of a stock of goods, where the mortgagor continues in possession thereof and disposes of the same in the usual course of trade, is void as to the creditors of the mortgagor and subsequent purchasers in good faith. The reporter is unfortunate in his statement of the rule in the head-notes of that case. The point therein decided is that a mortgage with possession and power of sale in the mortgagor, for his own benefit, is void as to creditors and subsequent purchasers in good faith; and the rule as thus stated has been repeatedly asserted by this court. (See *Hedman v. Anderson*, 6 Neb., 392; *Gregory v. Whedon*, 8 Neb., 373.)

3. But the finding of the district court is right for another reason. It is conceded that there was no change of possession made or contemplated at the time the mortgage was executed. Nor was any attempt made at the trial to

Murray v. Mace.

remove the presumption of fraud created by the retention of possession by the mortgagors. Such contracts are presumptively fraudulent as to creditors and purchasers in good faith, (Sec. 11, ch. 32, Comp. Stats., entitled "Frauds.") In all such cases the burden is upon the mortgagee, or others claiming under him, to overcome the presumption of fraud by proof that the mortgage is in good faith. (*Marsh v. Burley*, 13 Neb., 261; *Severance v. Leavitt*, 16 Neb., 439.)

We are unable to discover any error in the record, and the judgment of the district court is

AFFIRMED.

THOMAS MURRAY V. MAGGIE MACE.

FILED JUNE 6, 1894. No. 5339.

1. **Trespass by Officer in Execution of Writ: LIABILITY OF PLAINTIFF.** One who delivers to an officer a valid writ, without directions as to the manner of its service, will not be liable for torts committed by the latter while engaged in the execution thereof.
2. ———: ———. But one who, with a knowledge of the facts, advises an abuse of a process of court by an officer, such as a trespass against the person or property of another, or subsequently ratifies such unlawful act, will be deemed a wrong-doer from the beginning.
3. ———: ———: **DAMAGES.** Compensation for mental suffering of the injured party is a legitimate element of damage in actions for trespass to property where the unlawful act is inspired by fraud, malice, or like motives.
4. ———: ———: ———. But in cases where the wrong consists in the taking or destruction of personal property without fraud, malice, or other aggravating circumstances, the measure of damage is compensation for the plaintiff's loss, which is ordinarily the value of the property with such incidental damage as may be shown to be the natural and proximate result of the act charged.

41	60
41	809
41	60
51	544
52	713
53	509

ERROR from the district court of Douglas county., Tried below before **FERGUSON, J.**

Slabaugh, Lane & Rush and *Lake, Hamilton & Maxwell*, for plaintiff in error.

John L. Carr and Frank A. Parker, contra.

Post, J.

This is a petition in error from a judgment of the district court of Douglas county. The defendant in error, who was plaintiff below, filed in the district court the following petition:

"MAGGIE MACE, PLAINTIFF,
v.
THOMAS MURRAY, DEFENDANT. } **Petition.**

"The plaintiff complains of the defendant for that on the 24th day of December, 1889, and at divers other days and times before the commencement of this suit, the defendant unlawfully and with force broke and entered a certain dwelling house of the plaintiff, situated on lot 2, block 145, in the city of Omaha, in Douglas county, Nebraska, and then and there made a great noise and disturbance therein, and staid and continued to make such noise and disturbance for two hours then next following, and then and there took and carried from said house all of the defendant's furniture and household utensils, consisting of four spring bedsteads, four mattresses, three commodes, three bedroom tables, three stoves, one lounge, ten chairs, three trunks, a large quantity of bedding, dishes, and other things, and forcibly and wantonly threw said furniture down a steep embankment into the public street and broke and injured said property, to the value of \$75. By means of which said several premises said plaintiff was, during all the time aforesaid, greatly disturbed, the property of the plaintiff of the value of \$75 was destroyed, and the plaintiff was

Murray v. Mace.

prevented from carrying on and transacting her lawful and necessary affairs and business, and the plaintiff became sick, ill, and disordered, and so continued for the space of one week, and the plaintiff suffered great humiliation, anguish, and distress of mind, and has continued to do so up to the present time, to her damage in the sum of \$5,000.

"2. The plaintiff complains of the defendant for that on the 24th of December, 1889, the defendant unlawfully and with force broke and entered a certain dwelling house of the plaintiff situated on lot 2, block 145, in the city of Omaha, Douglas county, Nebraska, and then and there ejected and expelled the plaintiff and her family from the possession, use, and occupation, and has kept them so ejected until the present time, whereby the plaintiff, during all said time, was deprived of the benefit of said dwelling house, to her damage in the sum of \$50.

"3. The plaintiff complains of the defendant for that on or about the 24th day of December, 1889, the said defendant seized and forcibly took and carried away the following described goods, chattels, and effects, the property of the plaintiff, to-wit, one white bed spread, four white sheets, one carpet, one bureau, one red carpet, one old axe, of the value of \$25, and has converted the same to his own use, and kept plaintiff from the possession of said property until the present time, to the damage of the plaintiff in the sum of \$25.

"The plaintiff therefore prays judgment against the defendant for the sum of \$5,150 and costs of suit.

"MAGGIE MACE,

"*Plaintiff.*"

The answer was a general denial.

The facts disclosed by the evidence are as follows: In the month of June, 1889, Mrs. Mace, the plaintiff below, leased and entered into possession of a house owned by Murray, the defendant below. On the 29th day of November following Murray recovered judgment in a pro-

Murray v. Mace.

ceeding for the forcible detention of said property before a justice of the peace for Douglas county, and an order for a writ of restitution. On the 2d and 10th days of December writs of restitution were issued, which were both returned without having been served. On the 24th day of December a third writ was issued and placed in the hands of one Small, a constable, for service. On the day last named said Small, armed with the writ of restitution, visited the premises in question for the purpose of placing Murray in possession, but Mrs. Mace locked the door and refused him permission to enter. About one hour later Murray and the constable visited the premises in the absence of Mrs. Mace, and entering the house through a back door proceeded to remove the property found therein, and which acts are the wrongs alleged in the foregoing petition.

It is argued, first, that Murray incurred no liability for his acts in the execution of the writ, for the reason that he was merely called upon to assist the officer, and that whatever was done by him in the premises was under the direction and in obedience to the command of the latter. The rule we regard as settled, that one who places in the hands of an officer a valid writ, without directions as to the manner of its service, will not be liable for torts committed by the latter while engaged in the execution thereof; but where he, with knowledge of the facts, advises an abuse of the process of the court, such as a trespass against the person or property of another, he will be regarded as a wrong-doer from the beginning. (*Taylor v. Ryan*, 15 Neb., 573; *Hyde v. Cooper*, 26 Vt., 552; *Cooley*, Torts, 129.) In this instance Murray was not satisfied apparently to trust the officer, but voluntarily assisted in the removal of the property, and now justifies their joint action on the ground that it was necessary and proper in the execution of the writ. He is, therefore, clearly within the rule above stated, provided there was an abuse of the process, a question which will now be considered.

Murray v. Maca

The evidence of the plaintiff below tends to prove that Murray and the constable tore the carpets from the floor and stairs without removing the tacks, and that the window shades were torn down without removing the fixtures. It is shown, also, that there were two or three dishes broken, and that a few knives and forks, a breast pin, and four sheets were lost. It may also be inferred from the plaintiff's evidence that the property, when removed from the house, was deposited on the bare ground and thereby slightly soiled. This evidence was contradicted by the witnesses for the defendant below, but that issue appears to have been settled by the verdict of the jury in favor of the plaintiff, and with that finding we must be content in this proceeding. In the leading case of *Jenner v. Joliffe*, 9 Johns. [N. Y.], 384, the rule is thus stated: "And where the plaintiff, upon a process of attachment, causes an officer so to conduct himself as to misbehave in the execution of his office and produce the loss or destruction of goods in his custody, the party has his election either to sue the principal or the officer." So far as this branch of the case is concerned, we agree with the views expressed in the instructions of the district court.

The record presents for consideration a further question, the solution of which is attended with greater difficulty. It is disclosed by an examination of the petition, that the amount claimed for the destruction of property is \$75, and for property lost and carried away \$25. While the evidence tends to sustain the foregoing allegation with respect to damage by destruction of property, the highest estimate placed upon property lost is \$12. It is apparent, therefore, from the verdict for \$1,623.90, that it is based substantially upon the claim for "humiliation, anguish, and distress of mind." In this connection it should be observed that the proceeding for the forcible detention of the property is apparently regular and the writ of restitution in due form. Indeed, no claim was made at the trial

on the ground of a want of jurisdiction or abuse of process other than as above stated, viz., that the action of the defendant below was "unlawful and with force." It must be assumed, therefore, that the entry of the premises did not of itself amount to a trespass, and that all acts for which Murray is liable relate to the manner of the execution of the writ. Another fact which calls for notice is, that Mrs. Mace was not present at the time her property was removed. Her version of what transpired on that occasion best appears from her own language. In answer to the question, "What conversation, if any, did you have that day with Mr. Murray?" she said: "I had in the morning he came in there. I was in the front part of the house, and I thought I heard some one in the kitchen, and I wanted to know what was there, and he said that he was going to put me out this morning, and I said, 'No, Mr. Murray,' I said, 'as soon as I get money I would pay you,' and he said, no, he was going to put me right out, he said, and he commenced going around there and swearing, and I told him not to swear in the house, and he said he would, it was his own house, and he would; and he went away and he came back again in about twenty minutes. I saw him come around there with another man and I locked the door. I would not let him in, and he kept knocking and knocking and I never opened it; and I had a roomer upstairs, and I went and called him and told him to come downstairs, because Mr. Murray was going to put me out, and he said, 'O, he wouldn't put me out,' and I said, 'yes, he said he will,' and then he came downstairs and staid a while, and I never opened the door to let him in. I sent the children in-doors, as I was looking for them, and they came in, and they would not stay in the house. They commenced to cry, and they said they wouldn't stay in, so they went out, and I locked the door again, and I dressed myself after awhile and went up town, and I went up town and staid about half an hour,

Murray v. Mace.

and when I came to Sixteenth and Harney I seen all my things out on the street." Other witnesses testified that she cried on discovering her property on the sidewalk and appeared to be greatly distressed thereat; but it does not appear that she suffered insult or was subjected to personal indignity of any kind. The question is therefore fairly presented, whether the measure of damage in an action for a simple trespass to personal property includes injury to the feelings of the complaining party. The distinction must not be overlooked between cases like this, where the act charged is simply unlawful in the sense that it is a violation of the right of property, and those cases where the unlawful act was inspired by fraud, malice, or like motives. As to those last named, the question is free from doubt. In all such cases mental suffering is a legitimate element of damage. (*Day v. Woodworth*, 13 How. [U. S.], 363; *Outler v. Smith*, 57 Ill., 252; *Jamison v. Moon*, 43 Miss., 598; *Brown v. Allen*, 35 Ia., 306; *Merrills v. Tariff Mfg. Co.*, 10 Conn., 384.) But in cases of trespass, where personal property is taken and carried away, in the absence of fraud, malice, or other aggravating circumstances, the measure of damage is compensation to the plaintiff for his loss, which is, as a rule, the value of the property with such incidental damage as is shown to be the natural and proximate result the wrong charged. (*Brown v. Allen*, *supra*; *Wooley v. Carter*, 7 N. J. Law, 85; *Hopple v. Higbee*, 23 N. J. Law, 342; *Cushing v. Longfellow*, 26 Me., 306; *Sims v. Glazener*, 14 Ala., 695; *Woodham v. Gelston*, 1 Johns. [N. Y.], 134; *Felton v. Fuller*, 35 N. H., 226; *Coolidge v. Choate*, 11 Met. [Mass.], 79; *Meagher v. Driscoll*, 99 Mass., 281. It is believed that no precedent can be found in the reports for the allowance of damage on account of injury to feelings in actions of this character. It is certain that we have been referred to no such case, nor have we found any during a careful examination of the question. It follows that the damage awarded is excessive, and that a new

Meyer v. Union Bag & Paper Co.

trial should have been allowed on that ground; but, as we have seen, the court properly permitted a recovery for the damage actually sustained, to-wit, for property destroyed, \$75, and property carried away, \$12. The defendant in error may therefore elect to remit all but \$87 of the damage allowed, with interest, within thirty days, in which case the judgment will be affirmed; otherwise it will stand reversed.

JUDGMENT ACCORDINGLY.

MAX MEYER ET AL. V. UNION BAG & PAPER COMPANY.

FILED JUNE 6, 1894. No. 5521.

1. **Review: ASSIGNMENTS OF ERROR: INSTRUCTIONS.** Error assigned as to the giving of a group of instructions will be considered only so far as is necessary to determine that any one of such instructions was properly given.
2. **Fraudulent Conveyances: PREFERRING CREDITORS: QUESTION FOR JURY.** A debtor who is insolvent, or in failing circumstances, may pay or secure one or more of his creditors in full, and thus create a preference in their favor, which may have the effect to exclude other creditors, and the question of whether such action was with an honest or with a fraudulent intent or purpose is one of fact and not of law.
3. ———: ———. A debtor in failing circumstances may lawfully prefer one or more of his creditors and secure such creditors by mortgage or conveyance absolute, provided the transaction is in good faith and not made with intent to defraud other creditors. (*Costello v. Chamberlain*, 36 Neb., 45.)
4. **Voluntary Assignments: BILL OF SALE.** The bill of sale herein held to be a conveyance to secure or pay *bona fide* debts, and not void for being such a conveyance as to constitute a voluntary assignment within the true meaning or construction of the terms of the provisions of the assignment law.

ERROR from the district court of Douglas county. Tried below before DOANE, J.

41	67
44	868
41	67
48	879
41	67
49	323
50	489
51	246
41	67
59	19

Meyer v. Union Bag & Paper Co.

Charles Ogden and Joel W. West, for plaintiffs in error.

W. W. Morsman, contra.

HARRISON, J.

May 1, 1890, H. Rehfeld and Julius Rosenberg were in business in the city of Omaha as partners under the firm name and style of "Omaha Chemical Works," and being indebted to the parties, business firms and banks, plaintiffs in error herein and others, including the defendant in error, executed and delivered to Moritz Meyer, of the firm of Max Meyer & Co., the following conveyance or bill of sale:

"For and in consideration of the sum of five thousand six hundred and nineteen and $\frac{60}{100}$ (5,619.60) dollars to us in hand paid, and the receipt whereof is hereby acknowledged, we do hereby bargain, sell, convey, assign, and set over unto Max Meyer & Co., Omaha National Bank, A. J. Simpson, Commercial National Bank, and Julius Meyer all our right, title, and interest in and to all the chattels, stock, goods, wares, merchandise, machinery, tools, implements, and fixtures contained in the building known as Nos. 310 and 312 South Eleventh street, in the city of Omaha; also, all goods, wares, and merchandise, a list of which is hereto attached, marked 'Exhibit A,' and made a part hereof; it being the intent of this instrument to sell and convey all and each of said articles; and by these presents we do hereby sell, assign, transfer, and set over unto the above named vendees all our right, title, and interest in and to all book accounts due us or which may become due."

Max Meyer & Co. immediately took possession of the property described in the above instrument and proceeded to sell it and pay from the proceeds the sums due the different grantees named therein, the several amounts having been aggregated to form the sum named in the bill of sale as a consideration for the conveyance. The Union Bag &

Paper Company, at this time a creditor of the Omaha Chemical Works, commenced an action on its claim and procured and levied an attachment by garnishment process on the goods and chattels described in the bill of sale. As an outcome of the garnishee proceedings, the plaintiffs in error were ordered by the court to pay certain moneys into court, and failing to comply with the order, were sued by the defendant in error in this action, to recover the amount of its claim. The case was tried to the court and a jury and a verdict returned for the defendant in error, motion for a new trial was filed by plaintiffs in error, submitted to the court and overruled, and judgment was rendered in favor of defendant in error on the verdict. The plaintiffs in error removed the case to this court by petition in error.

One of the assignments of error is as follows: "The said court erred in the instructions given to the jury on the trial of said action, especially instructions numbered 1, 2, 3, 4, 5, 6, and 7, given on its own motion." Under this assignment counsel for plaintiff in error make an attack on but one of the instructions, viz., No. 3. This was the only instruction of those given to which exception was noted at the time of the trial. In the motion for a new trial and in the petition in error it was grouped with others, there being no specific and definite assignment of complaint as against any single or particular one. Nos. 4 and 5 of the instructions given by the court on its own motion were entirely proper and correct, and having determined this to be true, we will not further consider this assignment of error, agreeably to the rule of this court announced in *Hiatt v. Kinkaid*, 40 Neb., 178, where it was held: "An assignment of error as to the giving *en masse* of certain instructions will be considered no further than to ascertain that any one of such instructions was properly given." (See, also, *McDonald v. Bowman*, 40 Neb., 269; *Jenkins v. Mitchell*, 40 Neb., 664.)

The only other assignment of error to which counsel

Meyer v. Union Bag & Paper Co.

have directed our attention is, that the verdict was not sustained by sufficient evidence and contrary to law. This case was tried in the court below, by both court and counsel for defendant in error, on the theory that the bill of sale was void for the reason that it was a voluntary assignment for the benefit of creditors, and not made in conformity with the provisions of our statute under the head of assignments (Comp. Stats., ch. 6), the first section of which provides as follows: "That no voluntary assignment for the benefit of creditors hereafter made shall be valid unless the same shall be made in conformity to the terms of this act," and preferred the creditors named in the bill of sale. The court told the jury in one instruction that there was no question of actual fraud involved in the case. The evidence does not show any fraudulent intent on the part of either debtor or creditors named in the conveyance to hinder, delay, or defraud other creditors. The amounts owing by the Omaha Chemical Works to each creditor named in the bill of sale was a true indebtedness, and the bill of sale was a *bona fide* conveyance to the creditors named for the purpose of securing their claims, and if it was not within the scope of the section of the assignment law above quoted, or was not a voluntary assignment within the true meaning and construction of the statute in regard to assignments, it was not invalid. In *Costello v. Chamberlain*, 36 Neb., 45, it was held: "A debtor in failing circumstances may lawfully prefer one or more of his creditors and secure such creditors by mortgage or conveyance absolute, provided the transaction is in good faith and not made with intent to defraud other creditors." In *Kilpatrick-Koch Dry Goods Co. v. McPheely*, 37 Neb., 800, it was held: "A debtor in failing circumstances has a right to secure or pay in full a portion of his creditors, to the exclusion of the others; and whether in so doing he was actuated with a fraudulent purpose, is a question of fact and not of law." And in the text of the opinion it is stated: "A debtor has a

right to prefer his creditors; to pay part in full to the exclusion of others; and he has right to secure the debts of a part of his creditors to the exclusion of the others; and this is true whether he be insolvent or in failing circumstances, or not. All that the law requires of him is that he should act honestly; that his disposition of his property should not be made for the fraudulent purpose of hindering, delaying, or defrauding his creditors; and whether an act of a debtor in the disposition of his property was fraudulent, is always a question of fact, and not a question of law." (See, also, *First Nat. Bank of Denver v. Lowrey*, 36 Neb., 290, and cases cited.)

It is strenuously contended by counsel for defendant in error that this case is within the rule announced in *Bonns v. Carter*, 20 Neb., 566, 22 Neb., 495; but *Bonns v. Carter*, in so much as it refers to the assignment law, was overruled in an opinion written by IRVINE, C., in the case of *Jones v. Loree*, 37 Neb., 816, and had been in the case of *Hamilton v. Isaacs*, 34 Neb., 709, and *Hershiser v. Higman*, 31 Neb., 531, we may say overruled, but not in express terms. Commenting upon the doctrine of *Bonns v. Carter* and the scope to be given to the provisions of our assignment law, in the case of *Landauer v. Mack*, 39 Neb., 8, RYAN, C., says: "The argument of plaintiff in error seems to be based largely upon the theory that the several mortgages in fact constituted an assignment of the firm of G. H. Mack & Co., contrary to the terms of the assignment law of this state. It is true that in *Bonns v. Carter*, 20 Neb., 566, language was employed by a portion of this court which would seem to justify this contention of the plaintiffs in error. It is quite clear that the provisions of the assignment law should not be made to operate more broadly than its terms express; in other words, its operation should not be extended by implication. The assignment law prohibited assignments made in any other manner than that fixed by its terms, but did not undertake to abrogate the provisions of section 20

Meyer v. Union Bag & Paper Co.

chapter 32, Compiled Statutes. The language of this section is as follows: 'The question of fraudulent intent, in all cases arising under the provisions of this chapter, shall be deemed a question of fact and not of law,' etc. The repeal of a statute by implication is not favored, and certainly the force given the assignment law by a portion of this court in *Bonns v. Carter*, *supra*, necessarily has this operation. Whether an assignment is made in conformity with the provisions of the assignment law, may be properly a question for the court to determine upon its construction of the instrument or instruments creating the assignment. It nevertheless remains true that whether mortgages or conveyances are fraudulent is a question of fact to be determined by the jury, or, in cases tried like the one at bar, by the court, solely upon the weight of the evidence adduced. Such questions are questions of fact involving largely the intention of the parties to the transaction, and should not be determined as questions of law arising under the assignment act." In the case at bar it is not contended that the transaction is in any manner tainted with fraud, and, viewed in the light of all the evidence, it cannot be called an assignment such as is contemplated by our statute. It can be called nothing more than an attempt to pay or secure certain creditors. By the conveyance they were preferred, it is true, but with—so far as the testimony discloses—an honest motive and with no intent to hinder, delay, or defraud other creditors in the collection of their claims, further than any allowed preference must necessarily so operate. The judgment of the lower court is reversed and the case remanded.

REVERSED AND REMANDED.

SARAH A. QUIGLEY ET AL., APPELLEES, V. H. C. Mc-
EVONY, SHERIFF, ET AL., APPELLANTS.

FILED JUNE 6, 1894. No. 5489.

1. **Homestead: MOTION TO DISCHARGE ATTACHMENT.** The homestead character of real estate upon which attachment process had been levied is not a proper question to be heard and determined upon a motion to discharge the attachment, and should not be included in the motion as one of the grounds for such discharge, and should not be entertained by the court or judge if so included.
2. **Res Adjudicata: RULING ON MOTION TO DISCHARGE ATTACHMENT: HOMESTEAD RIGHT.** The defendant in attachment suit set up in a motion to dissolve an attachment, as one of the grounds for such motion, a claim of exemption of the attached property (real estate) as a homestead. The court made a general finding against the motion and overruled it. *Held*, That it will be presumed that the court deciding the motion only considered and determined such questions as could properly be included in the motion, and such decision will not be given the force of a former adjudication in a proceeding by the debtors afterwards, to select the property as their homestead, by following the statutory provision for making such selection, by giving notice to the officer who levied the writ upon the premises, nor will it be a bar to such selection proceedings.
3. **Homestead Right: PROCEDURE TO ENFORCE.** The parties claiming the premises which were sought to be subjected to the payment of the debt by attachment, as a homestead, were husband and wife, and the property belonged to the wife, or the interest of the defendants (a life estate) therein was vested in her, and the debt upon which the attachment was issued was her individual debt. She having ascertained the fact of the levy of the attachment, the husband being at the time in another state, signed a notice and had it served upon the sheriff before the sale. *Held*, That under the facts in the case this was a sufficient compliance with the requirements of our statutory provisions in regard to selection of homestead from real estate upon which a writ had been levied.
4. **Homestead: APPRAISAL.** Where the debtor takes the necessary initiative steps after the writ is levied upon his or her prop-

41	73
42	844
41	78
48	416
41	73
53	621
41	73
56	424
41	78
50	624
41	78
62	230

Quigley v. McEvony.

erty, and makes a selection from the property, within the limit as to quantity allowed by the statute, any excess the property selected may have in value above the limit allowed by the law regarding the value does not make any other proceedings necessary on the part of the debtor. It then becomes the duty of the creditor to make application, as provided by law, for appraisal of the premises, and no valid sale of the premises levied upon can be made by the sheriff until the creditor has procured the appraisal to be made as provided by statute.

5. ———: ABANDONMENT. Two things must concur to show an abandonment of a homestead, viz., an intent to abandon, and actual abandonment. (*Eckman v. Scott*, 34 Neb., 817.)
6. Review: FINDINGS OF FACT. This court will not disturb a finding of fact, unless it is clearly wrong, or clearly against the weight of the evidence upon which it is based; and this is the rule in cases tried by the court and in equity cases.
7. Sufficiency of Evidence to Support Decree. The evidence held sufficient to support the finding and decree of the court.

APPEAL from the district court of Holt county. Heard below before BARTOW, J.

See opinion for statement of the case.

H. M. Utley, for appellants:

The testimony shows that appellees were not, at the time of levying the attachment, actually residing upon the property claimed to be a homestead, and had not been so residing thereon for more than four months previous to that time. Actual occupancy is necessary in order to make the homestead exemption available to a claimant. The appellees cannot make the property the homestead after the levy of the attachment thereon so as to defeat the lien created thereby. (*Kelly v. Dill*, 23 Minn., 438; *Larimer v. Kelley*, 10 Kan., 299; *Galligher v. Smiley*, 28 Neb., 194; *Jackson v. Creighton*, 29 Neb., 319; *Rector v. Rotton*, 3 Neb., 171; *Brandon v. Moore*, 7 S. W. Rep. [Ark.], 36; *Baker v. Leggett*, 4 S. E. Rep. [N. Car.], 37; *Finley v.*

Saunders, 4 S. E. Rep. [N. Car.], 516; *Morgan v. Nunes*, 54 Miss., 308; *Hanson v. Graham*, 23 Pac. Rep. [Cal.], 56; *Keller v. Carr*, 42 N. W. Rep. [Minn.], 292; *Dennis v. Gayle*, 4 So. Rep. [La.], 6; *Colbert v. Henley*, 1 So. Rep. [Miss.], 631; *Fitzgerald v. Fernandez*, 12 Pac. Rep. [Cal.], 562; *Nance v. Hill*, 1 S. E. Rep. [S. Car.], 897; *King v. Goetz*, 11 Pac. Rep. [Cal.], 656; *Myrick v. Bill*, 37 N. W. Rep. [Dak.], 369; *Binzel v. Grogon*, 29 N. W. Rep. [Wis.], 895.)

The husband, being the head of the family, has the right to determine and control their residence; and, when he intentionally removes from and abandons the homestead, and his family accompanies him, neither he nor they have any power to resume it, so as to cut off intervening liens which have attached during such abandonment. (*Titman v. Moore*, 43 Ill., 169; *Galligher v. Smiley*, 28 Neb., 194; *Spaulding v. Crane*, 46 Vt., 292; *Garrett v. Jones*, 10 So. Rep. [Ala.], 702; *Philleo v. Smalley*, 23 Tex., 498.)

On the question of *res adjudicata*, see *Brigham v. McDowell*, 19 Neb., 413; *Nelson v. Bevins*, 19 Neb., 716; *Helphrey v. Redick*, 21 Neb., 83.

E. H. Benedict, contra:

The fact of removal, coupled with an intention never to return to the homestead, constitutes an abandonment, and nothing else does. (*Cline v. Upton*, 56 Tex., 319; *Fyffe v. Beers*, 18 Ia., 4; *Dunton v. Woodbury*, 24 Ia., 76; *Lindsay v. Murphy*, 76 Va., 428.)

Leaving or renting a homestead, after the claimant has by his occupancy impressed upon it the character of a homestead, is not evidence of abandonment. (*Guy v. Downs*, 12 Neb., 532; *Thompson, Homestead & Exemptions*, sec. 273; *Tumlinson v. Swinney*, 22 Ark., 400; *Dunn v. Tozer*, 10 Cal., 167; *Stewart v. Brand*, 23 Ia., 477; *Campbell v. Adair*, 45 Miss., 170; *Wetz v. Beard*, 12 O. St., 431; *Herrick v. Graves*, 16 Wis., 157*; *Myers v. Ford*, 22

Quigley v. McEvony.

Wis., 139; *McDermot v. Kernan*, 7 Am. St. Rep. [Wis.], 864.)

The homestead once established is presumed to continue, and the burden is upon the general creditor, who seeks to appropriate it to the satisfaction of his claim, to show by a preponderance of clear and decisive proof that it has been abandoned by the claimant. (*Boot v. Brewster*, 75 Ia., 631; *McMillan v. Warner*, 38 Tex., 414; *Riggs v. Sterling*, 1 Am. St. Rep. [Mich.], 554.)

The owner of a life estate is the owner of the property, and may use the same so as to make it exempt as a homestead. (Thompson, Homestead, sec. 220; *Kendall v. Powers*, 96 Mo., 142; *Pryor v. Stone*, 70 Am. Dec. [Tex.], 344; *Spencer v. Geissman*, 37 Cal., 96.)

The notice served on the sheriff was sufficient. (*McPhee v. O'Rourke*, 10 Col., 301.)

The homestead question was not adjudicated. (*Gayer v. Parker*, 24 Neb., 643; *Uppfalt v. Woermann*, 30 Neb., 189.)

HARRISON, J.

On the 24th day of February, 1890, the appellees filed a petition in the district court of Holt county, alleging that H. C. McEvony, of appellants, was sheriff of Holt county, Nebraska; the Holt County Bank, a corporation doing business at O'Neill, Nebraska; that on or about June 10, 1890, the bank commenced an action against Sarah A. Quigley in the district court of Holt county, and procured an order of attachment to be issued therein, which was delivered to the sheriff, McEvony, who, on the 11th day of June, 1890, levied the writ on lots 6, 7, and 8, in block 26, O'Neill, Nebraska; that subsequently judgment was rendered in the action, in favor of the bank, in the sum of \$950, and on the — day of —, A. D. 1890, an order of sale was issued and delivered to the sheriff to sell the above described premises for the satisfaction of the judgment; that the petitioners are now, and have been, hus-

Quigley v. McEvony.

band and wife since the — day of —, A. D. 188—, and that Sarah A. Quigley has been for eight years, and now is, owner of a life estate in said premises worth not to exceed \$2,000; that on lots Nos. 7 and 8 was a dwelling house and other buildings, and the same have been used and occupied by her as a home and homestead for eight years last passed, and she and her husband have so occupied them since their marriage; that prior to the date of the levy of the attachment they had removed a part of their household goods therefrom and were temporarily absent, but with the intention of returning thereto, and that they did so return and continued to occupy and use said premises as a home; that Sarah A. Quigley served a notice in writing on the sheriff that she claimed said premises as a homestead; that the sheriff refused and refuses to call appraisers to ascertain the value of the premises or to discharge the levy thereon, and is about to offer the property for sale and thus deprive petitioners of their homestead, and cause them irreparable injury. The prayer of the petition was for a decree declaring lots 7 and 8, block 26, to be the homestead of the petitioners, and enjoining the sheriff from further proceeding with the sale as to these two lots. Appellants filed an answer to the petition, admitting that McEvony was sheriff, and the corporate character of the bank, its place of doing business, the action of the bank, the issuance of the attachment therein, and its levy upon the property, the obtaining of the judgment, the order of sale, and that the sheriff was proceeding under it to make the sale; admitted further the life estate of Sarah A. Quigley in the premises, but denied the allegation of value; admitted that there was and is a dwelling and other buildings on lots 7 and 8, but denied the allegation of their homestead character or use as such, and further denied each and every other allegation of the petition, and for further answer alleged, in substance, that the Quigleys filed a motion in the original action for a dissolution of

Quigley v. McEvony.

the attachment therein, setting forth as one of the grounds for the dissolution and discharge of the attachment their claim of the homestead character of the premises and their exemption as a homestead; that by this motion they submitted the question of whether the premises constituted their homestead to the consideration and decision of the court, and that the court determined such issue against them, and such adjudication was and is a bar to the present suit. To this portion of the answer of appellants which set up new matter the appellees filed a reply, which was in effect a general denial. A trial of the issues to the court resulted in special findings on the points in the case, in favor of appellees, and a decree in accordance with such findings and the prayer of the petition, from which determination of the cause the appellants have duly effected an appeal to this court.

We will first notice the contention of appellants, that the proceeding by motion to dissolve the attachment and the matters therein decided were such as to constitute an adjudication of the homestead rights of the Quigleys in the premises in controversy, and consequently a bar to the bringing of this suit. The motion to dissolve the attachment was made on the grounds that the order of attachment was wrongfully sued out, want of jurisdiction of the court to grant the writ, the untruth or falsity of the allegation of non-residence of Sarah A. Quigley, the defendant in the attachment suit, and that the property levied upon was the homestead of the defendants in the case. The main propositions to be decided at such a hearing are, first, the sufficiency of the affidavit; second, the falsity of the charge in the affidavit filed to obtain the issuance of the writ of attachment. Whatever matters may be in some cases necessarily or properly heard and determined, we do not think it is competent or proper practice, where the writ is levied upon real estate belonging to the debtor, to allow the homestead character of the property to be drawn in question as one of the grounds

for the motion to discharge the attachment. The hearing is upon affidavits, more or less skillfully drawn, according to the ability or lack of the same in this particular branch of the party who frames them, or his artistic skill, or want of it, in the affidavit line. We think it is unquestionable that the question of whether the premises constitute a homestead should be determined in proceedings instituted in the manner directed by our statutory law, and if there is any disagreement, then the same can be determined in a proper action in court, in which issues can be regularly joined and the matter tried in the manner prescribed for the trial of issues of law and fact, and that the ends of justice will be better subserved by this latter course of proceedings than by determination of the homestead question in the course of a hearing on a motion to discharge an attachment. In *Langdon v. Conklin*, 10 O. St., 439, it was held: "It is not competent for a defendant in attachment to move the court to discharge the attachment on the ground that the property attached does not belong to him, and it is error for a court or judge at chambers to sustain such motion;" and we think this rule applicable to the case at bar. The attachment in the case at bar seems to have been issued on an affidavit which, as grounds for the same, alleged that the defendant was a non-resident of the state, and the judge who passed upon said motion did not make any finding as to any particular portion or ground of the motion, but made a general order overruling it. It is to be presumed that in doing so he only considered and passed upon such questions as were properly before him by the motion, and if so, he did not decide the paragraphs of it in which it was sought to bring into controversy and decide at the time the question of the homestead character of lots 7 and 8, block 26, and their exemption. These facts were not in direct issue and could not be determined, and any determination of them in the proceedings by motion to dissolve the attachment was not conclusive, as they could not then be prop

erly in controversy. (*Uppfalt v. Woermann*, 30 Neb., 189; *Gayer v. Parker*, 24 Neb., 643.)

This brings us to the main contentions in the case, which may be briefly stated as follows:

First—That the notice given to the sheriff, that the defendants in the attachment suit claimed the premises to be exempt as a homestead, was not served on the officer at the time of the levy, as required by law, but some thirty days afterwards, and was not served by the husband, but was served by the wife, and hence was ineffective.

Second—That the defendants (appellees) failed to prove that the property was not worth more than \$2,000; that it was incumbent upon them to do this, and having failed, their proof was incomplete and not sufficient to support the decree in their favor.

Third—The evidence does not show that they were occupying the premises levied upon, or that it was their home, but on the contrary does show that they had removed to another city and state, and abandoned these premises as a home.

The sections of our statute (see Comp. Stats., 1893, pp. 500, 501) governing the subject of homestead, in so far as a discussion of it will be necessary in this case, are as follows:

“Section 1. A homestead not exceeding in value \$2,000, consisting of the dwelling house in which the claimant resides, and its appurtenances, and the land on which the same is situated, not exceeding 160 acres of land, to be selected by the owner thereof, and not in any incorporated city or village, or instead thereof, at the option of the claimant, a quantity of contiguous land not exceeding two lots within any incorporated city or village shall be exempt from judgment liens and from execution or forced sale, except as in this chapter provided.

“Sec. 2. If the claimant be married, the homestead may be selected from the separate property of the husband, or

with the consent of the wife, from her separate property.

* * *

"Sec. 5. When an execution for the enforcement of a judgment obtained in a case not within the classes enumerated in section 3 is levied upon the lands or tenements of a head of a family, such head of a family may notify the officer at the time of making the levy of what he regards as his homestead, with a description thereof, within the limits above prescribed, and the remainder alone shall be subject to such levy, except as otherwise provided in this chapter. The judgment creditor may thereupon apply to the district court in the county in which the homestead is situated, for the appointment of persons to appraise the value thereof.

* * * * *

"Sec. 15. The phrase 'head of a family,' as used in this chapter, includes within its meaning: First—The husband, when the claimant is a married person." * * *

It is first claimed that inasmuch as the statute requires the notice to be given at the time of the levy, and that its service in this case was thirty days subsequent to the time of the levy, it had no effect; and further, that the law requires it to be served by the "head of the family," and that the head of the family in this case was the husband, and the notice served in this case was signed by the wife, it was not such a notice as could bind the sheriff or the creditor, or affect the attachment, or call for any such action on the part of the creditors, as is contemplated by section 5 above quoted; and the further argument is advanced, to which it will probably be better to give attention here than elsewhere, that there is nothing to show that the wife never gave her consent to the selection of the property as a homestead. The evidence shows that the Quigleys went to Sioux City on or about August, 1889; that Sarah A. Quigley, when she returned to O'Neill, about the middle of the month of July of the following year, saw the attachment notice in the papers and thus for the first time became aware of the

levy of the attachment on the property of which she was the owner. The evidence further discloses that she at once wrote to her husband, then in Sioux City, and immediately took the steps prescribed by statute to establish the exemption of what they claimed as their home and homestead, by serving or having served upon the officer the notice required. The fact that she, being the owner of the property, signed the notice, we think disposes of the contention that there is nothing to prove that she ever gave her consent to its selection; shows not only that she was willing it should be so chosen, but that she actively and of her own volition set it apart and characterized it as a homestead. The statutory exemption of a homestead was intended and enacted in the interest of, and for the benefit of, the debtor, and it is the policy of the law that such enactments be liberally construed, so that the intention of the legislature shall be enforced or carried out to its fullest and greatest extent, and especially is this true of homestead and exemption acts. The primary and sole object and purpose of the notice required by the section of our statutes doubtless was and is that the sheriff, and the attachment or execution creditors, should and shall be apprised of the debtor's right or claim of right in the premises, that they may act or proceed accordingly; and we think that the notice in this case, given as it was by the party owning the property, and as soon as it was ascertained that a levy had been made, was sufficient to apprise the sheriff and creditor of the right claimed by the debtor in the property, and was sufficient, both as to the person signing and giving it and as to the time of service, to satisfy and fulfill the requirements of the law in regard to notice. (*McPhee v. O'Rourke*, 3 Am. St. Rep., 579, 10 Col., 301.)

We will next discuss the claim that it devolved upon the appellees to prove the value of the premises which they allege is their homestead, and that having failed so to

do, there is such a lack of proof on their part as precludes the rendering of a decree in their favor. There were three lots levied upon by the sheriff by virtue of the writ of attachment, and the debtor then selected two of them upon which stood the buildings, and notified the sheriff of such selection. Under the provisions of the statute, section 1, above quoted, the debtor was entitled to two lots, and having taken the initiative steps to preserve and protect the homestead right, the debtor had done all that the law required in the first instance. The property selected was within the limit as to quantity allowed by the terms of the statute, and any excess in value did not make any other proceedings necessary on the part of the debtor. It then devolved upon the creditor as a duty to ascertain the value of the premises selected, in the manner pointed out in the law, by making application for an appraisal, and having its value assessed, and until a creditor did so, no valid sale could be made by the sheriff of the lots selected as a homestead. (See *Riggs v. Sterling*, 1 Am. St. Rep., 554, 60 Mich., 643, and cases cited.)

The third contention of the appellants is that the evidence introduced in the case was not of such a character as to warrant the court in finding that the premises constituted the homestead of the appellees at the time the officer levied the writ of attachment upon them; but, on the contrary, the testimony clearly disclosed that the Quigleys had removed to, and were living at the time of the levy in, Sioux City, Iowa, and had abandoned these premises as a home and homestead. The testimony in this case may, we think, fairly be said to establish, that on or about August, 1889, the appellee, being then engaged in the millinery business in O'Neill, and occupying these premises as a home, became dissatisfied with the returns from her business and concluded to remove to Sioux City for the purpose of disposing of the stock of goods, and did go to Sioux City, rented a store room, and engaged in business there;

Quigley v. McEvony.

also rented a house for residence purposes and together with her husband lived therein; that when they removed from O'Neill they did not take with them all their household goods, but left quite a number of articles in the house and buildings on the lots levied upon; that before starting they took counsel as to whether they could leave these premises and go to Sioux City as they did, and go into business there for a time, and not jeopardize their homestead right, and were informed that they could, provided their removal was temporary and with a *bona fide* intention to return. That this evidence in regard to taking counsel was competent and material see *Painter v. Steffen*, 54 N. W. Rep. [Ia.], 229, in which case it was held: "On the question of whether plaintiffs have abandoned their homestead, evidence that before going away plaintiffs took legal advice that such absence would not constitute an abandonment if there was a *bona fide* intention to return is admissible as *res gestæ*." The evidence further shows that they never intended to leave these premises permanently, only temporarily, and that it was at all times their intention to return to it, as they did, as a home. During the time they were away from it the property in O'Neill was rented to some person, and there is evidence in the record that they, or that Sarah A. Quigley, stated during this time that they, or she, would never return to O'Neill to live or to stay. While it is true that the evidence was conflicting on this and some other points, we cannot say that the finding of the court, that the testimony, considered as a whole, supported the claim of appellees to the premises in suit as their homestead, was clearly wrong, or that there was not evidence sufficient to support or warrant such a finding, and, according to a well established rule of this court, cannot disturb it. (*White Lake Lumber Co. v. Stone*, 19 Neb., 402; *Witter v. Hoover*, 24 Neb., 605; *Aultman v. Patterson*, 14 Neb., 58; *McLaughlin v. Sandusky*, 17 Neb., 110.) Each case of this nature, where the

Quigley v. McEvony.

abandonment of a homestead is involved, must be decided or turn upon a conclusion or determination, under the testimony, of whether or not the intention to abandon existed, and that there was an actual abandonment, and it follows necessarily that every individual case must depend upon and be governed by the facts developed in it. In *Eckman v. Scott*, 34 Neb., 817, we find the following statement, which is quite applicable to the case at bar: "It appears that W. T. Scott went to Beatrice in 1888 to obtain employment; that there was no intention to remove from Pawnee City, although, in consequence of the expense of supporting his family in one place and hiring his own board in another, his family moved temporarily to Beatrice, and the wife rented the homestead, and afterwards she returned to Pawnee City and sold and conveyed the same. To constitute an abandonment of a homestead two things must concur, viz., an intention to abandon, and actual abandonment. (*Elder v. Reilly*, 10 N. W. Rep. [Ia.], 804.) In the case at bar the proof fails to show an actual abandonment, and the lien of the judgment did not attach to the same." (See, also, *Painter v. Steffen*, 54 N. W. Rep. [Ia.], 229; *Osborne v. Schoonmaker*, 28 Pac. Rep., 711, 47 Kan., 667; *Robinson v. Swearingin*, 17 S. W. Rep. [Ark.], 365.) In *Edwards v. Reid*, 39 Neb., 645, decided by this court March 6, 1894, it was held: "Removing from a homestead and residing temporarily elsewhere for the purpose of business, pleasure, or health, will not work an abandonment of a homestead, unless coupled with such removal is the intention not to return, or, after removal, the intention is formed of remaining away." The judgment of the district court is

AFFIRMED.

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JAMES W. LOVE V. LEVERETT B. PUTNAM.

FILED JUNE 6, 1894. No. 4831.

1. **Chattel Mortgages: DESCRIPTION OF PROPERTY.** A description in a chattel mortgage which suggests inquiry, by the aid of which a party will be able to ascertain the location of property and to otherwise identify it, is sufficient.
2. ———: ———: **EVIDENCE.** The description in the mortgage, under which one party claimed in this case, *held* sufficient to create a lien on the property described, in favor of the mortgagee or his assigns, and the evidence sufficient to warrant a finding that the party who afterwards purchased the property had actual notice of the lien created by the mortgage.
3. **Instructions: REVIEW.** Instructions to a jury should be considered together and as a whole, and their meaning and effect determined from their construction when so considered, and not by selecting and referring to detached paragraphs or portions alone, and when thus weighed they are found to be correct, no error can be predicated upon the action of the court in giving them.
4. **Instructions given and refused by the court examined, and** *held* no error in either the giving or refusing.

ERROR from the district court of Dodge county. Tried below before POST, J.

E. F. Gray, for plaintiff in error.

Frick, Dolezal & Stinson, contra.

HARRISON, J.

This is an action instituted in the district court of Dodge county by the defendant in error against plaintiff in error to recover damages for the alleged conversion of some hay by plaintiff in error which it is claimed by defendant in error belonged to him. The petition was in the words and figures following :

Love v. Putnam.

"The plaintiff complains of the above named defendant and alleges that on the 8th day of August, 1887, one N. L. Hughes made and delivered his certain promissory note in writing to I. B. Hickok in words and figures following, to-wit:

"\$167. FREMONT, NEBRASKA, August 8, 1887.

"Sixty days after date we jointly and severally promise to pay to the order of I. B. Hickok one hundred and sixty-seven $\frac{no}{100}$ dollars, for value received, with interest at ten per cent per annum, payable annually, from date until paid.

N. L. HUGHES.

"Address: City."

"That to secure the payment of said note said N. L. Hughes, on said 8th day of August, 1887, made and delivered to said I. B. Hickok a chattel mortgage in writing, duly signed by said N. L. Hughes, and thereby conveyed to said I. B. Hickok, as security for said note, the following described goods and chattels, to-wit: One hundred thirty tons of hay in stack on the east half of northwest quarter of section 30, township 18, range 6, in Dodge county, Nebraska; that on the 8th day of August, 1887, at 5 o'clock and 55 minutes P. M. said mortgage was duly filed for record in the office of the county clerk of said Dodge county; that on or about the 1st day of October, 1887, said I. B. Hickok, for a valuable consideration, and before said note and mortgage became due, did in the usual course of business assign said note, with the moneys due thereon, to this plaintiff, and did at the same time deliver said note and mortgage to this plaintiff, and said plaintiff thereby became, and at the times hereinafter stated was, and now is, the owner of said note and mortgage; that no part of said note has been paid except the sum of \$8.56, paid on the 30th day of August, 1888; that on or about the — day of —, 1888, and before the commencement of this action, and while plaintiff was the owner of said note and mortgage and the special owner of the 130 tons of

Love v. Putnam.

hay above described and entitled to the immediate possession of said property of the value of \$260, said defendant took possession of 100 tons of said hay and unlawfully and wrongfully converted the same to his own use, to the damage of the plaintiff \$200. Wherefore the plaintiff prays judgment against said defendant for the sum of \$200, with costs of suit."

To this the plaintiff in error filed the following answer: "The defendant, for answer to the plaintiff's petition herein, admits that N. L. Hughes executed and delivered the note mentioned in said petition to I. B. Hickok, and admits that N. L. Hughes executed the mortgage mentioned in the petition and that it was filed as stated in the petition; but defendant denies that said mortgage was in the terms stated in said petition, or conveyed 130 tons of hay, or conveyed any hay, and defendant denies each and every allegation in said petition not above expressly admitted;" and on a trial of the issues in the case to the court and a jury a verdict was returned for defendant in error in the sum of \$150. Motion for a new trial was filed by the unsuccessful party, J. W. Love, argued, submitted, and overruled, and judgment rendered, on the verdict, for Putnam. To reverse this judgment the plaintiff in error has prosecuted a petition in error to this court.

The first error which is argued by counsel for plaintiff in his brief is that the description of the property contained in the chattel mortgage executed by Hughes to Hickok, and sold by him to Putnam, was insufficient and indefinite, and did not pass any title to the hay in question to Hickok or Putnam, and if it did, was not sufficient to be constructive notice to him of the mortgaging of the hay or the lien created thereby, or to put him upon inquiry regarding the title before he purchased it, and in this connection that the court erred in allowing Hughes to answer the following question over the objection of plaintiff in error: "Mr. Hughes, you may state whether the hay described in the

mortgage, Exhibit B, is the hay you mortgaged to Mr. Hickok," the objection of the plaintiff in error being that the question was "incompetent, irrelevant, immaterial, and seeking to vary the terms of a written instrument, and as seeking to aid a defective and indefinite description in the mortgage by parol testimony, and to substitute parol testimony as a description of the property for that in writing." The record shows that at the time of this objection the plaintiff below offered to prove that "the description in this mortgage is defective; that is, there was a mistake made in describing the range on which the hay was located—the hay is described as being upon section 30, township 18, range 6, when it ought to have been section 30, township 18, range 7 east;" and further offers to prove that the Love farm mentioned in the mortgage was the Love that is defendant in this action, and that he had no other farm at that time in section 30, township 18, range 6, and did own the farm six miles further east in section 30, township 18, range 7; and the above objection, being renewed to the offer, was overruled and the evidence received, to which exception was taken by attorney for Mr. Love. The above assignments of error all have reference to and depend upon the determination of the sufficiency or insufficiency of the description contained in the mortgage. The description of the property in the mortgage was as follows: "One hundred thirty tons of hay now in stack upon east half northwest quarter of section 30, town 18, range 6; also, one sorrel horse, thirteen years old; one bay horse, twelve years old; one spring wagon, three spring; one set of double harness; said property is now and will be kept on J. W. Love's farm northwest of town." The land upon which the hay in controversy was standing was in range 7 and not in range 6, as stated in the mortgage, but it was on the farm of J. W. Love northwest of town, and Hughes had obtained of J. W. Love the right to cut the grass upon this land and put up the hay, this being the same J. W. Love, party defend-

Love v. Putnam.

ant in the court below, and he had no farm answering to the description by part of section and township and range set forth in the mortgage. Such a description has been held sufficient in a number of cases. (See *Rawlins v. Kennard*, 26 Neb., 181; *Peters v. Parsons*, 18 Neb., 191; *Wiley v. Shars*, 21 Neb., 712; *Buck v. Davenport Savings Bank*, 29 Neb., 407.) We are satisfied that the description in the mortgage was sufficient to give Mr. Love notice of the rights of the other parties in the hay; but there is this much further to be said here: It was shown by four witnesses on behalf of the plaintiff below that they had conversations with Mr. Love in reference to this hay and this mortgage lien upon it, before the time he claimed to have purchased Hughes' interest in the hay, and that he had full notice and knowledge of the existence of the mortgage and that it purported to convey this particular hay. Mr. Love denies that he had any such notice, or any actual knowledge, of the existence of the mortgage on the hay at the time he claims to have paid for any interest Hughes had in it. Hence there was a conflict of evidence on this point, but the jury determined it in favor of the defendant in error, and, according to a well settled rule of this court, that a finding made upon conflicting evidence will not be disturbed unless clearly wrong, this finding must prevail; and if Mr. Love had actual notice of the mortgage and of its lien upon this hay, error, if any, committed in the admission of the testimony objected to was without prejudice.

It is claimed that the court erred in refusing to give instruction No. 1 and also No. 2 requested by plaintiff in error. These instructions were directed to and raised the same questions argued above under the objections to the testimony, and the mortgage being admitted in evidence, and agreeably to the conclusion there reached, the assignment of error because of the refusal to give these instructions must be held not well taken.

It is next contended that the court erred in giving in-

struction No. 6 to the jury, being one of the instructions given by the court on its own motion. This instruction reads as follows: "The jury are instructed that the chattel mortgage given in evidence, and the transfer or assignment of the note by the mortgagee, I. B. Hickok, to the plaintiff, would pass the legal title to the hay therein described to the plaintiff, if from the evidence in this case the jury believe that the witness N. L. Hughes, at the time of the execution of said mortgage, was the owner of said hay." It is argued that the judge trying the case, in giving the above instruction, assumed it to be conclusively proved without conflict that the hay in question was intended to be embraced in the mortgage, and that defendant below knew it at the time, and that he was clearly, and beyond a question for the jury, estopped from controverting it. We do not think this instruction can be fairly said to be open to the criticism urged. An instruction or instructions are given after the evidence is all in and before the court and jury, and must be directed and applicable to the testimony as developed in the case. The judge, when he admitted the mortgage in evidence, determined that it was sufficient to pass the title to the hay embraced therein and to be constructive notice of its conveyance by the mortgage, and he here but states the legal effect of the assignment or transfer of the note secured by the mortgage; and, in view of all the evidence introduced on the trial of the case, and upon which he was basing his instructions, we think it was fully applicable and pertinent thereto, and its giving warranted and not erroneous.

It is next complained that the court erred in not giving instructions numbered 3 and 4 requested by plaintiff in error. These instructions are as follows: "That if the defendant told Hughes he might have the hay in question when he should pay the rent for the ground, and upon this permission, and no other, Hughes cut and put up the hay, then the title in the hay would remain in defendant

Love v. Putnam.

until the rent was paid, and if you so find the facts to be, and also find that Hughes had not paid the rents when the mortgage was made, then it will be your duty to return your verdict for the defendant." No. 4: "If you find from the evidence that the defendant Love bought Hughes' interest in the hay in question and paid upon the same \$100 in at bank on Hughes' note, as agreed between them he should do, before he, Love, had any actual notice of the mortgage introduced in evidence, then it will be your duty to return a verdict in favor of the defendant Love." The propositions covered by these two instructions, and which it was sought by them to direct the attention of the jury, were fully embraced in the instructions given by the court on its own motion, hence it was not error to refuse to give them. (See *Angle v. Bilby*, 25 Neb., 595; *City of Lincoln v. Smith*, 28 Neb., 762; *Northeastern N. R. Co. v. Frazier*, 25 Neb., 42.)

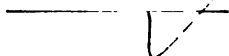
Our attention is particularly called by the petition in error and brief for plaintiff in error to instructions 8, 9, and 10 given by the court on its own motion, and it is strenuously insisted that it was error to give each and every one of the above numbered instructions, more especially No. 10. After a close and careful reading and examination of these instructions, in connection with all the others submitted to the jury for their information and guidance, and their applicability to the issues and evidence in the case, and giving due weight to the argument of the counsel in the briefs filed and authorities cited therein, we are convinced that the action of the court in giving these instructions was not open to the objections urged against it and was not erroneous; that the instructions, when considered and construed together as a whole, properly stated the law applicable to the case, and fairly submitted the questions of fact arising in the action and were not prejudicial to the plaintiff in error, and if so, they complied with the well settled rule of this court, "That instructions are to be considered

 Ellison v. Albright.

and construed together and their meaning and effect thus determined, and not by reference to detached portions alone." (See *Murphy v. State*, 15 Neb., 383; *City of Lincoln v. Smith*, 28 Neb., 762; *Campbell v. Holland*, 22 Neb., 589.) The judgment of the district court is

AFFIRMED.

Post, J., not sitting, having presided at the trial in the district court.



RICHARD ELLISON V. JOEL T. ALBRIGHT.

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FILED JUNE 6, 1894. No. 5429.

Payment: CONCLUSIVENESS OF RECEIPT AS TO STRANGERS. As against strangers thereto, a receipt is incompetent evidence of the payment thereby acknowledged; for, as against such strangers, such receipt is but the hearsay declaration of the party who signed it, made without opportunity for his cross-examination, and independently of the sanction of his oath.

ERROR from the district court of Thayer county. Tried below before HASTINGS, J.

C. L. Richards, Marquett, Deweese & Hall, and *W. H. Morris*, for plaintiff in error.

W. P. Freeman and *Ben S. Baker*, *contra*.

RYAN, C.

In this action as originally brought in the district court of Thayer county Joel T. Albright was plaintiff and Richard Ellison was defendant. Except where otherwise expressly noted the same designation will be applied to the respective parties. In his petition plaintiff Albright alleged

"that on the 19th day of February, 1886, the plaintiff, then being the owner of the southwest quarter of section 28 and the northeast quarter of section 34, all in township 4 north, range 1 west, 6th P. M., in Thayer county, Nebraska, sold and conveyed the same to said defendant, for which defendant agreed to pay plaintiff the sum of \$6,400 at that date; that the defendant has paid plaintiff as part consideration for said real estate the sum of \$3,930, as follows: The sum of \$1,200 thereof by assuming and agreeing to pay one-half part of a mortgage for \$2,400 which had been previously given by plaintiff on said northeast quarter of said section 34 and other land of plaintiff; also by assuming and agreeing to pay a mortgage for \$1,600 which had been previously given by plaintiff on said southwest quarter of said section 28, and which said mortgages, with interest and taxes on said land, then amounted to the sum of \$2,930; and also the further sum of \$1,000 thereof in cash. The plaintiff further says that the sum of \$2,470 of said sum of \$6,400, the purchase price which defendant agreed to pay plaintiff for said lands, with interest thereon at the rate of seven per cent per annum from the 19th day of February, 1886, is unpaid and now due from the defendant to the plaintiff." Following the above language there was set out in the petition what was termed a "second cause of action." This appears to have been but another statement of the same cause above set out, with some slight variations unimportant to note, since Albright in this court disclaims any reliance on said so-called "second cause of action." In the petition there followed the so-called "second cause of action" this language: "3. That at the instance and request of the defendant, and relying on the defendant's promise to reimburse plaintiff therefor, the plaintiff has incurred expense, costs, and attorney's fees in endeavoring to sustain his title and claim to said stock of goods, wares, and merchandise, amounting to the sum of \$337.46, an itemized bill and statement of said expenses, costs, and

attorney's fees being hereto attached, marked Exhibit A, and made a part hereof." On the trial there was introduced no testimony to sustain the above claim for attorney's fees, costs, and expenses, hence this part of the petition will be dismissed from further consideration. Plaintiff alleged that he had sustained damages in the premises in the sum of \$3,500, no part of which had been paid, and he prayed judgment in the sum named, with seven per cent interest on \$2,470 from February 19, 1886.

In the brief filed on behalf of the defendant in error Albright his counsel summarized the facts constituting plaintiff's cause of action in this language: "Albright sold and conveyed the land before described to Ellison for \$6,400, which fact is admitted by all. That Albright received \$1,600 and \$1,200 (being the mortgage on the quarter in section 28, and one-half of the mortgage on the quarter in section 34, with other lands, with some accrued interest) and the further sum of \$1,021 (or \$1,023) there is no dispute. Allow us to say the mortgages assumed, with accrued interest, and the cash paid, left only \$2,470 of the purchase price of the land, to-wit, \$6,400. It was this balance of the purchase money for which suit was commenced." This concise statement of the matters in issue, limiting as it does the inquiry to the item of \$2,470, will be accepted as correct, for thereby, without prejudice to the rights of either party, is avoided a tedious recitation of the matters presented by the answer and reply. To an understanding of the matters involved it will be necessary to explain the transactions which gave rise to the alleged indebtedness for the sum last mentioned. For this purpose the evidence on this point of Mr. Albright, summarized, was as follows: On February 19, 1886, Albright sold the southwest quarter of section 28 and the northeast quarter of section 34, town 4, range 1 west, 6th P. M., situate in Thayer county, to Richard Ellison for \$6,400. On one of these quarter sections there was a mortgage of \$2,400,

Ellison v. Albright.

with some interest due, one-half of which principal and interest was assumed by the grantee. On the other quarter there was a mortgage of \$1,600, with some interest due, the payment of the entire amount of which was assumed by Ellison. In addition to assuming payment of the above amounts, Ellison was to pay Albright either \$1,021 or \$1,023,—there is some uncertainty as to the exact amount,—which left to be provided for the \$2,470 above referred to. Albright agreed for this \$2,470 to accept a stock of goods owned by a Mr. Brown. On this stock Ellison held a chattel mortgage and a bill of sale answering the purposes of a chattel mortgage. It was agreed between Ellison and Brown that the amount due on the notes secured by these two instruments was \$1,800. Before negotiations were consummated, however, the sheriff of Thayer county levied on the stock of goods and garnished Ellison for the satisfaction of a claim due from Brown. These proceedings by the sheriff caused a delay in closing up the trade. It was finally arranged, however, that the difference between the \$1,800 and the estimated value of the stock of goods, which was \$2,470, should be paid by Ellison to Brown, less the amount of the two executions, which left \$418 going from Ellison to Brown. Following this adjustment, Albright sent a note by Mr. Brown to Mr. Ellison, wherein he said for Ellison to settle with Brown according to the agreement; that the stock had fallen a little short, but that would be fixed in rent with Mr. Brown. There was a defect in the title to the land which was to be conveyed to Ellison, and, therefore, when this order was presented to him, he refused to pay it; subsequently the defect in title having been obviated, the land was conveyed by Albright to Ellison, and Albright took possession of the goods. Ellison indorsed to Albright, without recourse, the notes of Brown, on which was due the sum of \$1,800, together with the chattel mortgages securing payment of that amount. These notes and the mortgages were left in a

Ellison v. Albright.

bank at Alexandria, and Mr. Albright had no knowledge that either had been indorsed to him. After Albright had taken possession of the goods Brown surreptitiously obtained possession thereof, whereupon Albright brought a replevin suit, and thereunder, having obtained possession of the stock, sold it. The replevin action resulted in a verdict and judgment for Brown, and others who were joined with him as defendants, against Albright for the sum of \$2,421. The opinion directing an affirmance of this judgment was reported in 23 Nebraska, 136.

The foregoing statement, as indicated, is compiled from the testimony of Albright, and is given that his version of the affair may appear. It is not to be understood, however, that by this court any attempt has been made to weigh the testimony or settle controverted fact propositions, for no such effort has been made. As was said in the brief for defendant in error, this suit was brought to recover the \$2,470 item, to which reference has already frequently been made. It can scarcely escape observation that the defendant in error went into possession of the stock of goods which this \$2,470 represented; subsequently such possession was resumed by Brown, and that thereby there was necessitated a suit on the part of Albright to regain his lost possession. Concededly, the only circumstance which could justify Brown's resumption of possession was that Ellison had failed to pay him the balance of \$418, or, as Brown figures it, \$425, due him from Ellison. Even as to this Brown's testimony was that after his own resumption of possession Ellison tendered this balance to him, which he refused to receive, and refused to deliver up the stock of goods unless he was also paid for the trouble and expense he had been put to. Under these circumstances this action was brought by Albright for the recovery of the \$2,470. In his testimony Mr. Albright said that he replevied the stock on the suggestion of Ellison that he should do so, and that he, Ellison, would sign his replevin undertaking to en-

Ellison v. Albright.

able Albright to replevin. This was denied by Ellison, and in this connection it is noteworthy that as a matter of fact Ellison's name does not appear on the copy of this undertaking set out in the bill of exceptions. It is difficult to conjecture how the alleged encouragement of Albright by Ellison could become important in this case, for the proof necessary to sustain the plaintiff's allegations was of the failure of the consideration alleged. The petition was not framed upon the theory that Ellison was liable upon the warranty of his title as to the stock of goods transferred to Albright, but was for a failure of consideration for land transferred to Ellison by Albright. The possession of the goods was transferred to Albright in pursuance of the terms of a contract, under which Ellison became the owner of Albright's land. This possession was afterwards interrupted by one who at most could justify his interruption of such possession to the extent in amount of \$425. In the case of *Albright v. Brown*, reported in 23 Neb., 136, it seems that Albright, as absolute owner, claimed the right of possession of the entire stock. It admits of grave doubts whether under these circumstances Ellison could in any event be held liable for more than the amount he had failed to pay to Brown; that is, according to the evidence of Albright, \$418. (*Vide Aultman v. Stout*, 15 Neb., 586; *Sycamore Marsh Harvesting Machine Co. v. Sturm*, 13 Neb., 210; *Hadley v. Bazendale*, 9 Exch. Rep. [Eng.], 341.) It appears from the evidence of Albright—though this may admit of doubt—that Brown predicated his right to resume possession upon the fact that there remained due him, as Brown claimed, \$425. Under the rule laid down in *Long v. Clapp*, 15 Neb., 417, a serious question might be made as to whether or not it was the duty of Albright to have paid this amount, his recovery against Ellison in that event being limited to the amount so paid. If this petition had presented Albright's cause of action as one for damage for failure of Ellison's title to the stock of goods, it would, to

Ellison v. Albright.

say the least, have better comported with the proofs offered, and would have afforded an opportunity to try the question of the amount and nature of the damages sustained by the defendant in error. It is quite evident that the matters in controversy herein can never be satisfactorily determined on the issues heretofore presented on the pleadings. For our present purpose, however, we shall proceed as though the evidence introduced was strictly relevant to the issues joined.

There was a judgment in the replevin suit, which was afterwards affirmed in this court. The cause was then remanded to the district court. The theory of the defendant in error in the trial of this case was, that Ellison was liable for the amount paid by the defendant in error for the satisfaction of the judgment in the replevin action. For the purpose of showing this payment there was introduced in evidence a page of the judgment docket No. 1 of the district court, on which there appeared the name of Joel T. Albright as judgment debtor, and the names of the parties to the suit, the kind of action, the date of judgment, April 21, 1886, the page of the journal, and the amount of the judgment, \$2,421. The matters described were followed by this writing:

"AUGUST 14, 1889.

"Received of Joel T. Albright full satisfaction and payment of this judgment, interest, and costs, and the same is hereby satisfied and discharged in full.

"J. L. BROWN,

"CLARA A. BROWN,

"JAMES LOCKWOOD,

"*Defendants,*

"By W. O. HAMBEL,

"*Their Attorney.*"

There was no evidence of the alleged payment other than above given. Indeed, on May 20, 1889, there was in said replevin action returned an execution *nulla bona*.

Ellison v. Albright.

In the suit which we have now under consideration there were examined as witnesses the above named J. L. Brown and Clara A. Brown, as well as Joel T. Albright, but by neither of these was there an attempt made to prove the amount paid in satisfaction of the judgment rendered in the replevin action. The plaintiff in the district court relied upon the sufficiency of the above receipt, entered, as it doubtless was, on the original judgment docket. To the introduction of the receipt proper objections were made and exceptions taken. There is, therefore, now presented the competency of this receipt as against Ellison, who was not a party to the action in which the judgment was rendered, of which satisfaction and payment is attempted to be shown by the receipt. In *Davidson v. Berthoud*, 1 A. K. Marsh. [Ky.], 261, the case was for money laid out and expended by the defendants in error to the use of the plaintiff, and for work, labor, etc. The language used in discussing the effect and nature of a receipt was as follows: "The only question material to be decided is, whether the circuit court erred in admitting as evidence a receipt signed by A. Woolford for \$222.11, alleged to be advanced by the defendants in error to the plaintiff's use. It is explicitly laid down by Peak in his treatise on Evidence, p. 254, that to prove the payment of money in such a case, the person who made it, or he by whom it was received, should be called as a witness, for the receipt or acknowledgment of a person will be no evidence against the defendant. And, of the correctness of this doctrine, on principle, there can be but little reason to doubt, for proof of the acknowledgment of a person who received the money would only be hearsay evidence, and the receipt of such person is nothing more than written evidence of his acknowledgment, and whether in writing or by parol hearsay evidence is equally inadmissible. (Phillip, Evidence, 174.)" In *Lloyd v. Lynch*, 28 Pa. St., 419, there was under consideration the effect to be given a receipt on a deed as against one not a party to the deed.

Having premised that such receipt was competent evidence against the grantor and all who derived title from him, and was such evidence as to pass the grantor's title, the opinion continued in the following language: "But it is no evidence whatever of the fact of payment against a stranger, or even against one who derived title from Thomas Farrell (the grantor) previously to the date of the conveyance to Lloyd; against them it is nothing but hearsay. It is a mere *ex parte* declaration, not under oath, taken without any opportunity to cross-examine. It has been long settled that such declarations are not evidence against strangers. * * * If such evidence were received against strangers for the purpose of extinguishing their equitable rights, the salutary rules established for ages would be subverted. Hearsay evidence would be substituted for evidence under the sanction of an oath, and all the advantages of a cross-examination would be swept away. Under such a system no equitable title could be protected. But it is urged that there is a presumption that the grantor and grantees have acted with integrity. This may be so, but that is no reason why their declarations should be given in evidence against persons who have no connection with them. If they are acquainted with material facts, they are as much bound to deliver their testimony under oath as other persons, if competent witnesses." Other authorities might be cited to sustain this proposition, but this is hardly necessary, for, on reflection, it is very clear that a receipt signed by Mr. Hambel as attorney could have, as against strangers to it, no greater effect than would his oral utterances made to the same parties. If Albright paid the amount of the judgment, it is no hardship that he be required to so testify, giving thereby an opportunity for an examination as to the media and time of payment, as well as to other material circumstances. Certain it is, there was no competent proof of payment, and without such proof of this essential fact, the

Hale v. Sheehan.

judgment is unsupported in a very important respect. The judgment of the district court is

REVERSED.

ANDREW J. HALE V. MICHAEL SHEEHAN.

FILED JUNE 6, 1894. No. 5499.

Master and Servant: SERVICES RENDERED AFTER EXPIRATION OF CONTRACT: EVIDENCE OF TERMS. After the expiration of a term of hiring, the law does not so strongly imply that thereafter continued services were rendered upon the terms fixed by the contract, the term of which had expired, that parol evidence of different terms is incompetent.

ERROR from the district court of Gage county. Tried below before APPELGET, J.

A. Hardy, for plaintiff in error.

Rickards & Prout and *George A. Murphy*, *contra*.

RYAN, C.

This action was brought by plaintiff for the possession of fifty bushels of potatoes, one hundred and seventy-four bushels of corn, and one hundred and sixteen shocks of corn fodder. There was a verdict for the defendant, in accordance with the findings of which judgment was rendered against the plaintiff for the sum of \$118.70, the value of the property replevied. The potatoes were raised by the defendant on the farm of the plaintiff; the corn on a neighboring farm owned by Mr. Corithers; both were of the crop of 1890. The plaintiff predicated his right to the potatoes and corn upon the provisions of a written agreement made between the parties to this action. It was in the following language:

Hale v. Sheehan.

"GAGE COUNTY, NEB., August 29, 1887.

"This memorandum of agreement, made and entered into this 29th day of August, 1887, between A. J. Hale, of said county, party of the first part, and M. Sheehan, of said county, party of the second part, witnesseth: That the said party of the first has employed the said party of the second part and his son Willie to work for him on his farm, known as the 'Sicily Creek Farm,' for one year, four months, from the first day of November, 1887, for the sum of fifty dollars per month, and agrees to board all extra hands employed on said farm for the sum of ten dollars per month while working on said farm. Said Hale to furnish sulky plow for boy to use. Said Hale hereby agrees to pay said party of the first part the said sums hereinbefore specified for the times and purposes therein expressed. Said Hale also agrees to keep two cows and two calves for the said party of the second part, and to furnish feed for hogs sufficient for the meat for his own use. Said party of the second part is to keep his team on said farm as long as he wishes, free of charge, by using them the same as he does party's of the first part.

"A. J. HALE.

"M. SHEEHAN."

In brief, it is contended by plaintiff that under the terms of this contract the defendant was bound to devote his entire time to the service of the plaintiff, and that whatever was raised by defendant was for the use of, and necessarily belonged to, plaintiff; hence that replevin would lie for it. The employment of the defendant was, by the terms of this agreement, for a year and four months from November 1, 1887. This term expired March 1, 1889. If the defendant, without any further arrangement, continued in the employ of plaintiff after the date last named, a fair implication, in the absence of contravening evidence, would be that he did so on the terms fixed by the written contract. Many of the objections urged were to the introduction of

Hale v. Sheehan.

testimony showing that, after the term fixed by the written contract, modifications of its provisions were agreed to. This was not varying the terms of the writing. It was merely proving a contract made after the original contract by its own terms had fully terminated. The introduction of evidence to rebut a mere presumption which would arise because of the absence of express provisions tended in no way to impair the right to make proof of such provision.

It is argued that there was error in overruling plaintiff's objection to question No. 168 asked John Corithers by defendant, and in allowing such indefinite evidence to go to the jury. Question 168, the objection, and answer thereto were as follows:

Q. You may state if you know what corn fodder was worth last fall at the time of the seizure, per shock.

Objected to, unless confined to these shocks. Overruled. Exception.

Q. Do you know?

A. No, I don't really know what it was worth.

Fully impressed with the importance of this question and of the objection made, we have given the matter the consideration to which it is entitled, and have critically analyzed the answer elicited, but have been able to discover no error prejudicial to plaintiff.

By his fourth instruction, asked and refused, plaintiff sought to have the jury instructed that if the defendant or his son William took the ground to raise corn thereon, and that they, or either of them, with the use of plaintiff's team, tools, and hired help cultivated and raised said corn in the time they were to work for plaintiff under the contract introduced in evidence, the share that would go to the defendant was plaintiff's property, of which plaintiff was entitled to demand and enforce possession. This corn was raised on a neighboring farm, not on plaintiff's; and while plaintiff, in an action brought by defendant to recover his wages, might, by way of set-off, plead damages caused

Melick v. Varney.

by the misappropriation of time necessary to the production of this corn, or, if not sued, refuse to pay to that extent, he had no right to the corn itself, especially as against William, who never signed the contract, nor, so far as the evidence shows, was ever a party to it. This instruction was properly refused.

The other errors assigned relate to the giving of four instructions by the court. As these reflected the views above indicated as favorably to plaintiff as it was possible, consistently with the facts, to frame them, their examination in detail or in gross would subserve no useful purpose. The judgment of the district court is

AFFIRMED.

SAMUEL M. MELICK V. HANNAH J. VARNEY.

41	106
50	489
50	697
54	516

FILED JUNE 6, 1894. No. 4935.

1. **Review: VERDICT.** When the existence of a fraudulent motive was the question of fact submitted to a jury, its verdict will not be disturbed if there exists competent evidence to sustain it.
2. **Fraudulent Conveyances: HUSBAND AND WIFE: BURDEN OF PROOF.** In a suit between a wife and a creditor of her husband concerning property transferred to her by him after the contracting of indebtedness by him, the burden is upon the wife to establish by a preponderance of the evidence the *bona fides* of the transfer of the property to her. Following *Carson v. Stevens*, 40 Neb., 112.
3. **Married Women: SEPARATE ESTATE: CONTRACTS.** A married woman, in this state, may bargain for and purchase personal property, sell the same, and do all acts in relation to such property as though she was single. Following *Farwell v. Cramer*, 38 Neb., 61.

ERROR from the district court of Lancaster county.
Tried below before FIELD, J.

Mellek v. Varney.

G. M. Lambertson and H. J. Whitmore, for plaintiff in error.

C. M. Parker and John P. Maule, *contra*.

RYAN, C.

This action of replevin originated in the district court of Lancaster county, and was brought by the defendant in error against the plaintiff in error for the possession of certain horses, wagons, cattle, and farming implements. The right of possession upon which the above claim was resisted was, that plaintiff in error held his possession under and by virtue of a levy thereon made by plaintiff in error, as sheriff, of a certain execution issued on a judgment in favor of J. Fred Hutchins and James D. Parker against Leroy S. Varney and John P. Varney. Hannah J. Varney, the defendant in error, is the wife of John P. Varney, and the mother of Leroy S. Varney. The property replevied had formerly been owned by John P. Varney, by whom, on February 25, 1889, it had been conveyed by bill of sale to Hannah J. Varney. This bill of sale was filed for record in the office of the county clerk of Lancaster county on June 20, 1889. It was agreed on the trial, in open court, that on April 8, 1888, John P. Varney and Leroy S. Varney executed their promissory note for \$300, with ten per cent per annum interest; that said note was not paid when due, and that suit was brought in the county court of Lancaster county on May 8, 1889, and judgment rendered June 20, 1889, for \$336.60, with costs \$36.30. In connection with and immediately following the above stipulation there was introduced in evidence the execution under which levy was made, indorsed with the return of the plaintiff in error, evidencing the fact of such levy. It is clear from the testimony that at the time the note above executed was given, the property replevied was owned by John P. Var-

ney, and continued to be his property until the execution of the aforesaid bill of sale. There was no evidence indicating any change in the management or control of the chattels described in the bill of sale after its execution. There was evidence, too, that just before the execution of the note, upon which judgment was rendered against John P. Varney, he stated to the parties contemplating taking the note, and who were afterwards therein named as payees, that he was the owner of the property which was after replevied, and that he was taken as one of the makers of said note in payment for the property sold. The defendant in error had no knowledge of these representations, however, so far as the evidence shows. Plaintiff in error examined John P. Varney as his own witness, from whose undisputed testimony it appears that the note, on which judgment was afterward rendered, was signed by John P. Varney as surety for his son, Leroy S. Varney, at least to the value of a team which was part of the consideration. What proportion of the note referred to was for the team sold Leroy S. Varney was not disclosed in evidence.

It was claimed by the defendant in error that in Cedar county, Iowa, her father and mother conveyed to her and her husband forty acres of land in June, 1871, which land in March, 1873, was sold for \$1,400, of which defendant in error received \$1,000, which she loaned to her husband. There were introduced in evidence deeds showing transfers as above recited. While the deed first above referred to was made to Hannah J. Varney and John P. Varney jointly, there was ample unquestioned evidence that the land was intended as a gift by the father of defendant in error to her. For the money intrusted to John P. Varney by his wife no evidence of indebtedness was given or asked, neither was any interest paid or required to be paid. To rebut these claims of the defendant in error no evidence was introduced, the sole reliance of plaintiff in error was on the inherent improbability of the evidence introduced

Melick v. Varney.

as to their existence and history. These questions of fact were submitted to the jury for determination; the verdict, sustained by amply sufficient evidence, was in favor of the defendant in error. In the course of the trial there was introduced in evidence a scrap of paper on which was a written assurance by the father of defendant in error of what he proposed as to making a conveyance to her of the land which afterward formed the subject-matter of the deed which he executed. Possibly, if it was sought to enforce a specific performance of the undertaking of which assurance of performance was given, the terms thereof would have been too indefinite, but, as indicating an intention afterward executed, though not in exact accordance with the terms of such writing, it was competent. The court properly permitted this memorandum to be introduced in evidence for consideration by the jury. A receipt was allowed in evidence which recited that a deed had been made by the father and mother of the defendant in error and intrusted to John P. Varney, by whom said receipt was executed. This receipt recited the sale of the land by John P. Varney to Luke Enlow in consideration of the sum of \$1,400, of which sum \$1,000 was to be held by John P. Varney for the use of Hannah J. Varney. It is true that the deed to Enlow was dated March 26, 1873, while the receipt last named bore date the 12th day of the same month. This discrepancy was one of the facts proper to be considered by the jury, and undoubtedly it was given due weight. This receipt was competent as showing that it was understood, long before any of the transactions out of which the levy involved herein took place, that Hannah J. Varney was entitled to receive of the sale of the land to Enlow the sum of \$1,000, as in her oral testimony she claimed.

The criticisms of the instructions are very general. As to one, it is insisted that it assumed that the father gave the defendant in error forty acres of land, and because it

recognizes the receipt above mentioned as a valid and binding obligation for the payment of money. We do not understand how any misconstruction could have arisen as to this instruction. The evidence showed that the deed was made to defendant in error and her husband in consideration of the relationship of defendant in error to the grantors. As to the receipt, the instruction was, that if it was taken with the intention that it should be enforced, it would be legal and binding, and she could in good faith receive the property of her husband in payment thereof as against other creditors. No error is perceived in this instruction.

There is complaint made of the refusal of the court to give the ninth instruction asked by the plaintiff in error. This was in the following language: "You are instructed that if a married woman places her money or property in the hands of her husband for the purpose of enabling him to carry on his business, under such circumstances as to enable him to obtain credit on the faith of his being the owner of such money or property, and he does thereby obtain credit, she will not be permitted to assert her claim to the prejudice of other creditors of her husband; and if you believe from the evidence that the plaintiff did so advance to her husband any money, and that such money was used by the said John P. Varney in purchasing a farm and stock and implements, and that the said John P. Varney was enabled to obtain, and did obtain, credit by means of the farm and stock so purchased and on the faith of his ownership of the same, then the plaintiff will not be permitted to assert her claim as against the claims of such creditors of her husband; and if you find from all the evidence that Hutchins and Parker were such creditors, your verdict will be for the defendant." This instruction was properly refused, for by the rule therein laid down there is an inhibition upon the loan of money by a wife to her husband, since if such a loan is made for business uses

and the husband thereafter contracts other debts, the indebtedness to the wife is postponed to the priorities of such other creditors. In the case of *Goldsmith v. Fuller*, 30 Neb., 369, cited as supporting the above embodied proposition, this court said that it was probable that if the wife intrusted to her husband property, which to all appearances he absolutely controlled and disposed of as he saw fit, to all appearances as owner thereof, the wife could not assert her ownership of the property as against one who, deceived by appearances, had given credit to the husband on the faith of his apparent ownership. But the principle invoked by the instruction in question went much further than this, for by it the wife (if she loans money to her husband, with which he purchases property which he manages and controls as his own, thereby securing credit) is postponed, as to her loan, to the rights of such creditor of her husband. The instructions bearing upon this point which were given were correct statements of the rule made necessary by the intimate relations between the husband and wife, and none more exacting should have been laid down. These instructions were the fifth and seventh of those given. They were as follows:

“Fifth—The law in this state is, that transactions between the husband and wife, in regard to the transfer of property from one to the other, by reason of which creditors are prevented from collecting their just dues, should be scrutinized very closely, and it must appear clearly that such transfers were made in good faith and for value; so in this case, the dealings between the plaintiff and her husband herein, first as to the debt she claims to have been due her from him, and then the sale and transfer of the property in question by the husband to her as payment of such debt, should be closely and carefully examined into by you and fully established by the plaintiff before she can be entitled to receive the benefits therefrom.”

“Seventh—And while the law is that all the transac-

tions between the husband and a wife, where the same affects in any way the creditors of either, should be closely scrutinized and fraud and unfair dealing prevented, still if, after carefully considering all the testimony in this case, the wife has established the *bona fides* of her claim, and that her husband was in fact indebted to her as claimed, and that the property was transferred to her fairly to pay a valid and existing obligation due and owing to her from her husband, and that this was done without any intention on her part of defrauding the creditors of her husband, but only a just endeavor to collect what was fairly her dues, then the transactions between the husband and wife should be as fully sustained as though made between strangers, the wife having the same right to secure her debt due from her husband, or take property in payment thereof, as any other creditor, the law, in case of dealings between the husband and wife, only requiring that the transactions should be genuine and made in good faith and without any intent to cheat or defraud the creditors, and the burden is upon the wife to show that the transactions herein were of such character."

The same rule stated in these instructions, as to the character of the proof required of transactions between husband and wife as against the creditors of either, was approved by this court in *Carson v. Stevens*, 40 Neb., 112. The other principles are sustained by *Farwell v. Cramer*, 38 Neb., 61. The judgment of the district court is

AFFIRMED.

**WILLIAM B. GRIMES DRY GOODS COMPANY V. JENNIE
SHAFFER.**

FILED JUNE 6, 1894. No. 5246.

1. **Fraudulent Conveyances: EVIDENCE: QUESTION FOR JURY.**
Where the existence of a fraudulent intent in making and receiving a transfer of a debtor's property is to be determined by evidence collateral to the writing, whereby was effected the alleged fraudulent transfer, such question is determinable alone by the jury. Following *Houck v. Heinzman*, 37 Neb., 463.
2. ———: ———: ———: **REVIEW.** Where a bill of sale of a stock of goods was made by a debtor in failing circumstances to one of his creditors, who took the bill of sale with the agreement that he was to receive the property, make sales from it, and with the proceeds reimburse himself for antecedent indebtedness due him, and for advances made to discharge levies upon the said stock, and after such reimbursements were complete to return to the debtor whatever should remain of such stock, *held*, that a verdict sustaining the contention that such transfer was fraudulent as against existing creditors of the maker of the bill of sale should not be disturbed.
3. **Depositions: WHEN ADMISSIBLE IN EVIDENCE.** Whether or not the deposition of a witness should be received in evidence must be determined from the facts in existence at the time of the trial, and if at that time it is shown that the witness does not reside in, or has removed from, the county wherein the trial is proceeding, his deposition, otherwise unobjectionable, is receivable in evidence.

ERROR from the district court of Harlan county. Tried below before COCHRAN, J.

Edgar C. Ellis, C. C. Flansburg, and William B. Clark,
for plaintiff in error.

Morning & Keester and W. S. Morlan, contra.

RYAN, C.

On the 14th day of November, 1888, Frank Shaffer, a merchant at Alma, Nebraska, made a bill of sale of his

entire stock to the William B. Grimes Dry Goods Company, of Kansas City, Missouri, to which company he was indebted in the sum of about \$1,500. After the execution of this bill of sale, possession was thereunder taken by the grantor of the stock of goods conveyed. Subsequently executions on judgments in favor of Jennie Shaffer against Frank Shaffer, to the aggregate amount of about \$2,000, were levied on the aforesaid stock. These goods were replevied by the plaintiff in error from the sheriff, in whose stead Jennie Shaffer was substituted as defendant. She obtained a verdict establishing her interest to the amount of the judgments in her favor, upon which verdict a judgment was duly rendered. Edgar C. Ellis, the general attorney and general agent of the Grimes Dry Goods Company's credit department, had, a few days before the date of the above mentioned bill of sale, reached Alma in response to a telegram from Mr. Shaffer. Mr. Ellis was sworn on the trial of this cause, which was had in the district court of Harlan county. He testified as follows: "On arriving here I saw Mr. Shaffer at his hotel and learned from him that his stock of goods had been seized by the sheriff of this county under executions amounting to \$3,600. I further learned from him that he had confessed judgment in favor of the plaintiff in this action for the sum of about \$1,500, as I remember. Mr. Shaffer requested me to make an effort to save his goods from sale under execution. After being here a couple of days and looking the field over, I finally entered into an agreement and this bill of sale. I bought the stock of goods, paid off the executions for \$3,600, and costs, and I receipted his claim to us. There was something over \$200 worth of goods at the depot then not levied on. The total amount of executions levied on the property, and the judgment he had confessed in the county court, and the merchandise at the depot, amounted only to \$5,286."

On his cross-examination Mr. Ellis testified that the

goods were shipped from Alma to Kansas City, and from thence sold to some party in Kansas; that after taking possession he retained it about twenty-four hours, and then turned the goods over into the possession of W. H. Cook, and that he (Mr. Ellis) hired Mr. Turner to assist Mr. Cook, after consulting with Mr. Shaffer as to the advisability of so doing. As to the conversation between himself and Mr. Shaffer relative to the execution of the bill of sale, Mr. Ellis, on cross-examination, testified as follows: "We had different conversations, extending through two days, about this matter. Mr. Shaffer expressed himself as very anxious that I should take the property. He told me that unquestionably at sheriff's sale the property would not pay off the executions; that the goods would not bring more than one-third or one-half of what they were worth under the sheriff's hammer. He said that he was very desirous that the company should have their pay; that since this trouble a year before our company had treated him very nicely, and he confessed judgment that we might be safe, and the only way to prevent the sale. I told him there was not enough in it to justify paying off the executions. I made a thorough investigation and finally told him I would take the property, and would draw on the company for the \$3,600 to pay off the execution, if he would give a bill of sale. This he expressed himself very glad to do. He expressed himself to me as very confident that in a short time he would be able to get out of his embarrassment. He told me of a section of land to the south of here somewhere that was heavily mortgaged, but he thought he could dispose of his equity in it and get rid of his indebtedness and resume business. He also said during his conversation that there were more goods in the store than I thought there were. I told him when I took the bill of sale that if he did sell his land and got the money, I would be perfectly willing at any time to step out with my money." In answer to the question whether or not Mr. Shaffer told him

that he owed others, Mr. Ellis said he thought Mr. Shaffer so told him. Mr. Ellis in his evidence denied that there was any arrangement or agreement with Mr. Shaffer other than as shown by the writings introduced in evidence. The bill of sale, which Mr. Ellis identified and which was introduced in evidence, was of date November 14, 1888, signed by Frank Shaffer, and was made to the William B. Grimes Dry Goods Company for the consideration recited, of the sum of \$5,286. By its terms it was an absolute conveyance of the stock of goods owned by Shaffer, and which was described with considerable minuteness. There was also introduced in evidence a writing in the following terms:

“ALMA, NEBRASKA, November 15, 1888.

“Having this day purchased of Frank Shaffer, of Alma, Nebraska, his stock of goods, paying him therefor \$5,286, as follows: \$3,560.48, by paying executions levied on said stock of merchandise by the Michigan Manufacturing Company and others; \$1,423.14, by payment of judgments against him held by us; \$249.39, by goods sold and delivered; balance, by payment of costs and expenses in taking said judgments and making this arrangement, which said Shaffer consents and agrees to pay:

“Now we agree if, at any time before the complete sale or transfer of said goods by us, said Frank Shaffer shall wish to purchase so much of same as shall be still owned by us, the price shall be determined as follows: We are to receive the said sum of \$5,286, with interest thereon at the rate of ten per cent per annum, together with the expenses we shall have incurred in taking, holding, and selling so much thereof as we shall have at the time of said repurchase sold, including rent, insurance, fuel, lights, clerk-hire, traveling expenses, and all other similar reasonable expenses, and the proceeds from the portion of said merchandise which shall then have been sold by us, shall count and apply as part of said repurchase money; pro-

Grimes Dry Goods Co. v. Shaffer.

vided, that this agreement is not to be construed as affecting the transfer this day made to us by said bill of sale in any [manner] way. We are to be free and unrestrained to handle the property as our own in such manner as will be in our judgment surest to realize to us a return of our investment, our title being absolute, carrying with it all rights as to the control of the property incident thereto.

“W. B. GRIMES DRY GOODS COMPANY,

“By EDGAR C. ELLIS,

“Their Att’y.”

In contradiction of the evidence of Mr. Ellis, Frank Shaffer testified as follows: “I think it was between the 12th and 14th of November, 1888, my stock was attached by the sheriff and the store shut up. I thought my stock would pay out if handled properly, but I did not know what to do, and Mr. Ellis came here—and in regard to telegraphing to him, I cannot say about that, but Mr. Beall came to me and asked me if I owed the William B. Grimes Dry Goods Company anything. I said, ‘I did.’ He said, ‘will you confess judgment in favor of the company.’ I said, ‘yes,’ and I did so, and shortly after that Mr. Ellis came up here and asked me what I was going to do. I said, ‘I did not know what was best.’ He wanted to know how many goods were in there, and I told him as nearly as I could. He was here two or three days, and finally I agreed he should have a bill of sale, provided he put up this money for the judgments against the stock, and I was to go in the store and look after matters and turn the money over to them and he was to give the goods back to me after their claim was paid, and also that my commission should be cut in two. Then he drew up this bill of sale, and also a letter that I did not stop to read much, but put it in my pocket, and we went over to the Valley Bank and the check was paid to the sheriff there and the sheriff turned over the keys to the store. I started to go back into the store and Mr. Ellis said I had better

Grimes Dry Goods Co. v. Shaffer.

fight shy for a day or two so as not to excite suspicion, and then he turned a cold shoulder on me. Mr. Ellis asked me about Mr. Turner. I told him he was as good a man as he could get. I went with Mr. Ellis and hired Mr. Turner; and the building in which the stock of goods were was owned by the Valley Bank, and I got them to cut the rent down ten dollars on the month, and Mr. Turner said he would work for forty dollars instead of fifty dollars, if it would help me any. The stock was to be turned back to me; that is, the balance after realizing what was coming to them." On his cross-examination Mr. Shaffer testified that in giving the bill of sale he had no intention, nor was there any talk, of defrauding Jennie Shaffer, who was his wife, nor any other of his creditors. On re-cross-examination Mr. Shaffer said that Mr. Ellis said that the reason he did not put into the agreement any writing of the provisions testified to was because other parties might get hold of it and attach the goods and they might be sold at sheriff's sale after all, but that Mr. Ellis said he would do as he had agreed.

S. B. Turner testified that he had in the year 1888 been employed in the store of Frank Shaffer at Alma, and that when Shaffer's stock was turned over to the W. B. Grimes Dry Goods Company it was worth \$8,500. He further testified that Mr. Ellis told him when they got their account of about \$5,200 out of the stock they were to return it to Mr. Shaffer; that this was said by Mr. Ellis when witness and others were in and going to work selling goods for the W. B. Grimes Dry Goods Company, and that Mr. Ellis told witness to cut about half the profit which had theretofore been realized; that the exact words of Mr. Ellis were to "cut the profit in two." This witness further said that when he was employed by Mr. Ellis the latter gentleman said it was to Mr. Shaffer's interest to have the expenses as low as possible.

The testimony of this last witness was given by a depo-

Grimes Dry Goods Co. v. Shaffer.

sition, which plaintiff in error attempted to exclude for two reasons: The first was, that the deposition was not filed until within a day before the trial began. As we understand the contention of counsel, it is, that though the deposition was received in the office of the clerk of the district court some time before the trial began, it was not in fact opened, but the filing mark of the clerk, upon the receipt of the package, was placed upon the unopened envelope containing the deposition, and that for this reason the deposition was not filed until the envelope was opened and the filing indorsed on the deposition itself. If counsel for plaintiff in error desired an inspection of this deposition he could have secured it at any time, without doubt, by asking the clerk to open the envelope. He is not shown to have done this, and this objection is without weight. The other ground of contention is, that the deposition was taken in Harlan county, which was not permissible, for it is insisted that Turner should have been subpoenaed instead of taking his deposition. In the testimony of Frank Shaffer it was made to appear that Mr. Turner, when his place of residence was last known, was a resident of Denver, and was absent from Harlan county. Section 372 of the Code of Civil Procedure gives the right to use the deposition of a party as evidence when he does not reside in the county wherein is pending the action or proceeding, etc. Clearly the status of the witness referred to in the statute is of the time when the trial is had. This objection to the deposition was, therefore, properly overruled.

There was presented by all the evidence introduced a material question of fact, which was whether or not the plaintiff in error obtained possession and control of the stock of goods of Frank Shaffer under and by virtue of a collateral arrangement whereby a secret trust was created in favor of Mr. Shaffer. Upon consideration of the evidence the jury found adversely to the plaintiff in error.

This settled the fact proposition involved. (*Houck v. Heinzman*, 37 Neb., 463.) The trial court adopted the views of the supreme court of North Dakota as enunciated in *Newell v. Wagness*, 44 N. W. Rep. [N. Dak.], 1014, and accordingly instructed the jury. The plaintiff in error concedes that the principles recognized in the case of *Newell v. Wagness*, *supra*, are excellent law, but contends that they are not applicable to the evidence in this case.

The first criticism, as we gather it, is, that there was no proof of the insolvency and inability of Mr. Shaffer to pay his debts, and that there was no evidence that the transfer could have a tendency to defraud other creditors who were trying to collect the debts due them from Shaffer. The evidence on this point was not so direct and circumstantial as to clearly demonstrate the existence of these mooted facts, and yet there was sufficient to justify the jury in believing they existed. There was in existence when this transfer was made some \$1,500 of the claim of the defendant in error. Mr. Ellis testified that when he and Mr. Shaffer went up to see Mr. Flansburg, who, as an attorney, had some claims against Shaffer, and showed him the bill of sale and the written contract contemporaneously made, and satisfied Mr. Flansburg that this contained the entire agreement between the witness and Shaffer, that Mr. Flansburg relinquished the executions on the goods which he had previously caused to be issued against Shaffer. This was some time after the bill of sale and its accompanying memoranda had been made, and yet this release was so nearly contemporaneous with the making of said writings and was so directly influenced by them as to justify the assumption of the existence of such evidence as to render applicable the instructions given.

Again, complaint is made that the court assumed the possibility of the existence of evidence sufficient to justify consideration by the jury of the question whether or not a secret trust was created or existed between the defendant in

 Union P. R. Co. v. Cobb.

error and Mr. Shaffer. The testimony, hereinbefore set out quite at length, will have served no useful purpose whatever if it has not shown that there were sufficient grounds on which to base the conclusion that a secret trust was created in favor of Frank Shaffer by the transaction between him and Mr. Ellis, provided the jury believed the testimony of Mr. Shaffer and Mr. Turner in preference to that of Mr. Ellis. With the comparative weight of the evidence of these three witnesses we have no concern,—that was an inquiry alone determinable by the jury. The observations which we have made in respect of the instructions given comprehend and meet the contentions with respect to the refusal of one or more instructions asked. No error is found in the record and the judgment of the district court is

AFFIRMED.

41	120
43	372
41	120
53	741

**UNION PACIFIC RAILWAY COMPANY V. WILLIAM A.
G. COBB.**

FILED JUNE 6, 1894. No. 5541.

1. **Review: CONFLICTING EVIDENCE.** As to the existence of negligence sufficient to justify or defeat a recovery, the evidence being conflicting, the special findings of the jury are conclusive.
2. **Trial: INSTRUCTIONS: NEGLIGENCE: QUESTION FOR JURY.** Whether there were such facts shown, as, in view of a conflict in the evidence, would sustain or defeat a recovery, was not within the province of the trial judge to instruct the jury. His whole duty was discharged as to the existence or absence of negligence when he instructed the jury what evidence might be taken into account in determining the preponderance of the evidence upon this branch of the case.
3. **Special Findings: DISCRETION OF COURT: REVIEW.** The requirement that special findings be made by the jury is a matter of discretion with the trial court, and the refusal to require

Union P. R. Co. v. Cobb.

a special finding requested does not ordinarily afford a sufficient reason for the reversal of the judgment subsequently rendered. Following *Atchison, T. & S. F. R. Co. v. Lawler*, 40 Neb., 356.

ERROR from the district court of Dodge county. Tried below before MARSHALL, J.

J. M. Thurston, W. R. Kelly, and E. P. Smith, for plaintiff in error.

Frick & Dolezal, contra.

RYAN, C.

The defendant in error recovered a judgment in the district court of Dodge county for the sum of \$1,425 against the plaintiff in error. The petition upon which the judgment was recovered alleged that the defendant therein named was a corporation on the 20th day of January, 1885, owning and operating a railroad line through said county, and that while plaintiff was traveling with due care on and along Main street, a public highway in the city of Fremont, in said county, crossed by defendant's said railroad line, the defendant, by its agents, servants, and employes, carelessly, negligently, and without ringing the bell on its locomotive, and without sounding the whistle thereon, and without any warning of its approach to and on said highway, ran its locomotive and cars against plaintiff, to plaintiff's great injury. Following these averments were allegations describing the extent of plaintiff's injuries and the manner and degree in which they had caused him damage. The answer admitted the corporate existence of the defendant and its ownership of the line of railroad upon which plaintiff was injured, but denied the extent of the injury to be as alleged; denied that they were imputable to defendant's negligence, or any other cause than plaintiff's own negligence. These last averments were denied in plaintiff's reply.

There were submitted to the jury special interrogatories, in answer to which the jury found that the engineer of defendant's train would, but for too high a rate of speed, have had time to lower the speed or to stop the train so as to have prevented the injury after he became aware of plaintiff's intention to cross in front; and that, after discovering the plaintiff in a place of danger, the said engineer did not at once use all appliances on his engine for arresting his train for the purpose of stopping so as to prevent a collision and injury; and that plaintiff was not guilty of negligence in failing to look for a train; and that defendant was guilty of negligence which directly contributed to the injury. The jury also specially answered that the jury did not know whether plaintiff, after he first looked for the train, could have seen it in time to avoid injury had he again looked before he attempted to cross defendant's track, and that the jury did not know whether the appliances on defendant's locomotive were such as were in general use, nor whether they were in good order. The affirmative special findings were not in each instance sustained, as they should have been, by the evidence. There were supported a sufficient number of these, however, to establish specially as facts that the defendant's employes were negligent in failing to ring the bell and sound the whistle of the locomotive, and were running the train at an unusual rate of speed just before reaching the street crossing where plaintiff received his injuries. There was also evidence to justify the special finding that the injury was not imputable to negligence on plaintiff's part. The serious nature of the injury was shown, and we do not understand that it is contended that the recovery was disproportionately large. There were, therefore, sufficient facts found, practically conceded or established by the proofs, to entitle plaintiff to the judgment rendered in his favor.

There remains to be considered another matter urged in argument as to the facts, and this refers to alleged miscon-

duct on the part of attorneys for plaintiff in the district court. In the bill of exceptions descriptive of the commencement of the trial was contained the following language:

"Plaintiff offers, and stated in his opening to the jury, that plaintiff will prove on the trial that the witnesses of defendant, who will testify for defendant that the train that struck plaintiff was moving with proper speed and gave the signals required to be given of the approach of the train to the crossing, were employes of defendant, and that if said witnesses had reported that the striking of plaintiff was the result of any want of care on their part such witnesses would have lost their situations and been discharged by defendant, and that with such knowledge said witnesses reported said collision to have occurred from no want of care on their part.

"Counsel for defendant objects, that this is improper in the opening of plaintiff. Objection sustained. Plaintiff excepts."

Later in the trial the same matter was presented in the manner following: After asking engineer Livingston whether he made a report to the company of the accident, and receiving an answer in the affirmative, plaintiff's counsel asked, "In that report did you, or did you not, report that you had performed your duty properly?" and upon the witness answering "I did," counsel then asked him, "If you had reported that you were negligent, would you, or would you not, have been discharged?" Upon this question being overruled, counsel again questioned the witness thus:

Q. You are now in the employ of the Union Pacific Railway Company?

A. Yes.

Q. If you were to state now that this injury sued upon here occurred by the negligence of yourself or any one, would you or would you not be deprived of your position?

Objection being renewed, was sustained.

Again, upon cross-examination of Mr. Fitch, the fireman, the evidence was as follows:

Q. Did you ever make, or join in making, any report concerning this occurrence to the company when it happened?

A. I did. If I recollect I signed a report.

Q. Now Mr. Fitch, if you had reported or signed a report that this injury was caused by your negligence would you not have been discharged from your situation?

Defendant objects, as immaterial and irrelevant, and not within the scope of cross-examination. Objection sustained.

Q. Is it, or is it not, a fact that your omission, should you report that you did not ring the bell, that you would be subject to be discharged and lose your situation?

Objection renewed upon the same grounds, and objection sustained.

In the course of the re-examination of Mr. Livingston, the engineer, the following evidence was given and proceeding had:

Q. You had anticipated that there would be trouble on this thing?

A. No, I did not know there would be. I knew the company required me to make an accurate report of the accident just as it occurred.

Q. Now, if the engineer running the train when the accident happened in this case had stated in his report that he had omitted or forgotten to sound the station whistle on an incoming train, would he, or would he not, under the rules of the company, have been discharged or lost his position?

Defendant objects, as immaterial, irrelevant, and not within the scope of cross-examination. Objection sustained. Exception taken.

It is urged by counsel for plaintiff in error that the

above insistence upon this point was for effect upon the minds of the jury and evinced a marked disrespect for the ruling of the court and could have subserved no useful purpose in the trial. In these matters much must be left to the discretion of the trial judge. Counsel might be criticised very severely for the course above taken if impelled by the motive ascribed. Whether disrespect was intended, and whether the interrogatories were propounded with the evil design charged by counsel for plaintiff in error, depends very largely on the circumstances surrounding the acts criticised, and the motive. Of these the trial court had better opportunities to judge than we can possibly have, and as there was found no offense by the trial court, we should be slow to indulge in what might be a radical misconstruction of both the motive and results. If the verdict and judgment had been in favor of the defendant, whereby the present defendant in error would have been compelled to proceed as plaintiff in error in this court, the record made might not have been too full to present for review the question whether on cross-examination the engineer and fireman should not have been compellable to answer the questions propounded to each of them. It is not intended to intimate an opinion either way as to the existence of such necessity. It is sufficient for our purpose to say that the trial judge, having taken no umbrage at the method whereby exceptions were saved, the judgment by which his actions were governed will not be reviewed. There was no abuse of discretion in the refusal by the court to submit other interrogatories than those above referred to for special findings thereon by the jury. The alleged error in this respect does not, therefore, justify interference on the part of this court. (*Atchison, T. & S. F. R. Co. v. Lawler*, 40 Neb., 356; *Floaten v. Ferrell*, 24 Neb., 347.)

There is in the brief of plaintiff in error a short discussion of alleged errors on account of the giving of eight

Union P. R. Co. v. Cobb.

instructions, each designated by number. The criticisms in regard to these instructions are, first, that there was no evidence showing the want of ordinary care, but that the evidence was to the contrary. This has heretofore received consideration. Second, it is insisted that there was no foundation for the assumption in the instructions complained of that the bell was not rung, and that the whistle sounded. As already indicated, there was evidence from which the jury might find the facts to exist, as in the instructions it was assumed their existence might be found. The third criticism of the eight instructions singled out is, that the fact that the plaintiff may have testified that he did not hear the bell or whistle, furnished no evidence to the jury, as nothing shows that the failure was the proximate cause of the injury. The evidence of the defendant in error, in addition to the fact that he failed to hear the sound of the bell or whistle, was that if he had heard either of these warnings in sufficient time to allow of it he would have stepped from the track before the engine reached and struck him. From the well ascertained results of the failure to avoid colliding with a locomotive moving at the rate of fifteen miles an hour the jury very properly believed this statement as to defendant in error's probable conduct under the condition of known impending danger just stated. The court left with the jury the question of the existence of negligence contributing to the accident, as one of fact. Plaintiff in error requested instructions defining what would constitute contributory negligence, *per se*, and by what evidence the alleged negligence on the part of the employes of plaintiff in error would be disproved. It need only be said that the theory of the trial court was in accord with the rule laid down by this court in *Atchison & N. R. Co. v. Bailey*, 11 Neb., 332; *Johnson v. Missouri P. R. Co.*, 18 Neb., 690; *Omaha, N. & B. H. R. Co. v. O'Donnell*, 22 Neb., 476; *Stevens v. Howe*, 28 Neb., 547; *Missouri P. R. Co. v. Baier*, 37 Neb., 236;

Low v. Rees Printing Co.

Chicago, B. & Q. R. Co. v. Grablin, 38 Neb., 90. There is no error apparent in the record, and the judgment of the district court is

AFFIRMED.

Post, J., not sitting.

CHARLES G. LOW V. REES PRINTING COMPANY.

FILED JUNE 6, 1894. No. 5390.

1. **Constitutional Law: EIGHT HOUR LAW: CLASS LEGISLATION: RIGHT TO CONTRACT.** Sections 1 and 3 of chapter 54 of the Session Laws of 1891 having provided, in effect, that for all classes of mechanics, servants, and laborers, excepting those engaged in farm or domestic labor, a day's work should not exceed eight hours, and that for working any employe over the prescribed time the employer should pay extra compensation in increasing geometrical progression for the excess over eight hours (the rate of payment for the eighth hour being taken as the basis upon which to reckon such progression), *held*, that these provisions are unconstitutional, (1) because the discrimination against farm and domestic laborers is special legislation; (2) because by the act in question the constitutional right of parties to contract with reference to compensation for services is denied.
2. ———: ———. It being apparent from an inspection of the entire act in question that sections 1 and 3 thereof formed an inducement to its passage, no part of said act can be sustained as constitutional. Following *Trumble v. Trumble*, 37 Neb., 340.

ERROR from the district court of Douglas county. Tried below before WAKELEY, DOANE, and DAVIS, JJ.

The opinion contains a statement of the case.

Mahoney, Minahan & Smyth, for plaintiff in error:

Chapter 54, Laws of 1891, an act to regulate the hours of labor of mechanics, servants, and laborers, does not of-

41	127
49	205
52	250
55	495
41	127
59	5
59	434
41	127
60	780
41	127
61	627

Low v. Rees Printing Co.

fend against the last sentence of section 15, article 3, of the constitution, which is as follows: "In all cases where a general law can be made applicable, no special law shall be enacted." (*Hingle v. State*, 24 Ind., 34; *Heridia v. Ayres*, 12 Pick. [Mass.], 344; *McAunick v. Mississippi & M. R. Co.*, 20 Ia., 338; *State v. Graham*, 16 Neb., 76; *Cooley*, Constitutional Limitations, 129; *Haskell v. City of Burlington*, 30 Ia., 237; *State of Louisiana v. Schlemmer*, 10 L. R. A. [La.], 135; *Barbier v. Connolly*, 113 U. S., 27; *Minneapolis & St. L. R. Co. v. Beckwith*, 129 U. S., 26; *Hancock v. Yaden*, 6 L. R. A. [Ind.], 576; *Vermont Loan & Trust Co. v. Whithed*, 49 N. W. Rep. [N. Dak.], 318; *Smith v. Judge of Twelfth District*, 17 Cal., 547.)

Suppose the law is a special one. The constitution does not prohibit, under all circumstances, the enacting of special laws. It prohibits it only where a general law can be made applicable. Could a general law have been made applicable? If this be a special law, the legislature by passing it has answered the question in the negative. Is that answer reviewable by this court, or is it final? The authorities say it is final. (*City of Wichita v. Burleigh*, 36 Kan., 34; *Gentile v. State*, 29 Ind., 412; *State v. Hitchcock*, 1 Kan., 184; *Beach v. Leahy*, 11 Kan., 27; *Marks v. Trustees of Purdue University*, 37 Ind., 155; *State v. Tucker*, 46 Ind., 355; *State v. County Court*, 50 Mo., 317; *State v. County Court*, 51 Mo., 82; *Richmond v. Board of Supervisors*, 42 N. W. Rep. [Ia.], 422.)

The act is not violative of that provision of the constitution which declares that no person shall be deprived of his liberty or property without due process of law. (*Cooley*, Constitutional Law, 430; *Murray v. Hoboken Land & Improvement Co.*, 18 How. [U. S.], 277; *In re Brosnahan*, 18 Fed. Rep., 66; *Rowan v. State*, 30 Wis., 146; *Ex parte Ah Fook*, 49 Cal., 406; *Weimer v. Bunbury*, 30 Mich., 210; *Brown v. Board of Levee Commissioners*, 50 Miss., 479; *Wurts v. Hoagland*, 114 U. S., 606; *Kennard v. Morgan*,

92 U. S., 480; *McMillen v. Anderson*, 95 U. S., 37; *Davidson v. New Orleans*, 96 U. S., 105; *Dent v. State of West Virginia*, 28 Cent. L. J. [W. Va.], 264; *Hawthorn v. People*, 109 Ill., 302; *Kansas P. R. Co. v. Mower*, 16 Kan., 576; *Tiedeman, Limitations of Police Power*, sec. 178; *Powell v. Commonwealth*, 114 Pa. St., 265, 127 U. S., 678; *State v. Moore*, 10 S. E. Rep. [N. Car.], 144; *Alexander v. Archer*, 24 Pac. Rep. [Nev.], 374; *Mohle v. Tschiroh*, 63 Cal., 382; *Mugler v. Kansas*, 123 U. S., 623; *Singer v. Maryland*, 8 L. R. A. [Md.], 551; *Territory of Washington v. Ah Lim*, 9 L. R. A. [Wash.], 395; *State v. Addington*, 77 Mo., 110; *Butler v. Chambers*, 36 Minn., 69; *State v. Marshall*, 64 N. H., 549; *Messenger v. State*, 25 Neb., 676; *Donnell v. State*, 48 Miss., 661; *Munn v. Illinois*, 94 U. S., 113; *Nash v. Page*, 80 Ky., 539; *Munn v. People*, 69 Ill., 80; *Hockett v. State*, 105 Ind., 250; *Davis v. State*, 68 Ala., 58; *People v. Budd*, 117 N. Y., 1.)

The law is not unconstitutional as limiting the power of the citizen to contract concerning a certain subject. (*Ogborn v. Hoffman*, 52 Ind., 439; *Smith v. Tyler*, 51 Ind., 512; *Markel v. Spiller*, 28 Ind., 488; *Maloney v. Newton*, 85 Ind., 565; *Kneettle v. Newcomb*, 22 N. Y., 249; *Curtis v. O'Brien*, 20 Ia., 376; *Moxley v. Ragan*, 10 Bush [Ky.], 156; *McLane v. Elmer*, 4 Ind., 239; *Develin v. Wood*, 2 Ind., 102; *Bauer v. Samson Lodge*, 102 Ind., 262; *Dugan v. Thomas*, 79 Me., 221; *German-American Ins. Co. v. Etherton*, 25 Neb., 508; *Home Ins. Co. v. Morse*, 20 Wall. [U. S.], 455; *Doyle v. Continental Ins. Co.*, 94 U. S., 535; *Taylor v. Saurman*, 110 Pa. St., 3; *Herdie v. Roessler*, 109 N. Y., 127; *New v. Walker*, 108 Ind., 365; *United States v. Fisher*, 2 Cranch [U. S.], 358; *Warren v. Sohn*, 112 Ind., 213; *Churchman v. Martin*, 54 Ind., 380; *Long v. Straus*, 107 Ind., 94; *Hudson Canal Co. v. Pennsylvania Coal Co.*, 75 U. S., 276.)

Ambrose & Duffie, contra, insisting that the statute should

Low v. Rees Printing Co.

be held to be in conflict with constitutional principles as an attempt to legislate in favor of a particular class, and to abridge the guarantied rights of citizens, cited: *Deppe v. Chicago, R. I. & P. R. Co.*, 36 Ia., 52; *Foxworthy v. City of Hastings*, 23 Neb., 772; *Wally v. Kennedy*, 2 Yerg. [Tenn.], 554; *Durham v. Lewiston*, 4 Greenl. [Me.], 140; *Lewis v. Webb*, 3 Greenl. [Me.], 326; *Holden v. James*, 11 Mass., 396; *Pioquet, Appellant*, 5 Pick. [Mass.], 64; *Budd v. State*, 3 Humph. [Tenn.], 483; *Godcharles v. Wigeman*, 113 Pa. St., 431; *Durkee v. City of Janesville*, 28 Wis., 464; *Calder v. Bull*, 3 Dal. [U. S.], 387*; *Fletcher v. Peck*, 6 Cranch [U. S.], 143; *Bank of the State v. Cooper*, 2 Yerg. [Tenn.], 599; *Atchison & N. R. Co. v. Baty*, 6 Neb., 37; *People v. Gillson*, 109 N. Y., 389; *Butchers' Union Slaughter House & Live Stock Landing Co. v. Crescent City Live Stock Landing & Slaughter House Co.*, 111 U. S., 747; *In re Jacobs*, 98 N. Y., 98; *People v. Millett*, 117 Ill., 291; *State v. Goodwill*, 6 L. R. A. [W. Va.], 621, and cases cited in notes.

RYAN, C.

In the district court of Douglas county plaintiff in error filed his petition, wherein were stated three causes of action. Of these the third cannot be reviewed, for the reason that there was no motion for a new trial filed or passed upon in respect to it after a trial upon evidence adduced. The stipulation waiving the motion for a new trial and consenting that the action in this court should be treated as if such motion had actually been filed and ruled upon in the district court ignores the consideration that is due to the trial court, where the motion in question should have been duly passed upon, that whatever errors were presented thereby might be corrected. The consideration of this case, for the reason just indicated, will, therefore, be confined to the first and second causes of action stated in the petition.

After alleging that the defendant was a corporation doing business in the city of Omaha, the averments of plaintiff in his petition were as follows: "Further complaining, plaintiff states for his first cause of action that on the 10th day of August, 1891, he contracted with the defendant to work for it as a printer for thirty cents per hour; that pursuant to said contract he entered the employment of said defendant, and that on said 10th day of August said defendant worked this plaintiff eleven hours. Said defendant thereby became indebted to this plaintiff in the sum of \$6.60; that is to say, \$2.40 for the first eight hours worked, 60 cents for the ninth hour worked, \$1.20 for the tenth hour worked, and \$2.40 for the eleventh hour worked. Of said sum thus due, defendant has paid plaintiff \$3, and no more.

"For a second cause of action plaintiff states that on the 8th day of August, 1891, he, at the request of the defendant, entered into a contract with the said defendant, which contract was in the words and figures following, viz.:

"To all employes of Rees Printing Co.: From and including August 1, 1891, all employes of this company will be employed and paid by the hour for the number of hours they work, at the same rate of wages now paid, and not by the day. Any employe who is willing to work the same number of hours as heretofore at the rate of wages heretofore paid him will report in writing at once to the undersigned.

"July 30th, 1891.

REES PRINTING CO.'

"Receipt of the above rule and regulation is hereby acknowledged. I am willing to continue in the service of the company subject to the same.

"August 8, 1891.

CHARLES G. LOW."

"That the rate of compensation or wages agreed upon between the plaintiff and defendant and paid to the plaintiff by said defendant prior to entering into said contract was \$3 per day for each day worked by plaintiff, which

day consisted of ten hours; that on said 8th day of August, 1891, the defendant worked this plaintiff ten hours, and thereby became indebted to him in the sum of \$4.20; that is to say, \$2.40 for the first eight hours, 60 cents for the ninth hour, and \$1.20 for the tenth hour worked. Of said sum thus due to the plaintiff defendant has paid \$3, and no more."

A demurrer was filed to the above two causes of action on the grounds following:

"1. The said petition does not state facts constituting a cause of action against the defendant, nor does any of the counts thereof state facts constituting a cause of action in plaintiff's favor against the defendant.

"2. Chapter 54 of the acts of the twenty-second session of the legislature of Nebraska, under the provisions of which this action was brought, and by virtue of which plaintiff must recover, if at all, is unconstitutional and void, and in contravention of the constitution of Nebraska and of the United States.

"(a.) It seeks to take away and limit the right of the citizen to enter into contracts relating to legal and lawful business.

"(b.) It seeks to abridge the rights of the people in disposing of their lawful property and the purchase of the same.

"(c.) It is special and class legislation, and an attempt on the part of the legislature to grant special immunities and privileges upon certain employes and employers.

"(d.) The statute, while intending to be general in its operation, excepts certain of our citizens from its provisions.

"(e.) It seeks to abridge the privileges of certain of our citizens and deprive them of their property without due process of law, and denies to certain of our citizens equal protection of the law, and is, therefore, in conflict with sections 1 and 2 of article 3 of the constitution of Ne-

braska, and section 1 of the fourteenth amendment of the constitution of the United States.

"3. Said act is broader than the title, in so far as it provides for a penalty for violation thereof, and seeks to fix the compensation of the employe, and to that extent the provisions of the act are in conflict with section 11, article 3, of the constitution of this state.

"4. Said act is in conflict with section 5, article 8, of the constitution of Nebraska, in that it seeks to give to the employe a part of the penalty provided for its violation."

This demurrer was argued in the aforesaid district court, Judges Wakeley, Doane, and Davis presiding, by whom, upon due consideration, it was sustained as to said first and second causes of action. Thereupon, the plaintiff electing to stand on said two causes of action and refusing to further plead, judgment was thereon rendered in favor of the defendant. By petition in error plaintiff has duly presented for review by this court the same questions passed on in the district court.

Chapter 54, specially described in, and against which the demurrer was directed, is in the following language:

"Be it enacted by the Legislature of the State of Nebraska:

"Section 1. That eight hours shall constitute a legal day's work for all classes of mechanics, servants, and laborers throughout the state of Nebraska, excepting those engaged in farm and domestic labor.

"Sec. 2. Any officer or officers, agent or agents of the state of Nebraska, or any municipality therein, who shall openly violate or otherwise evade the provisions of this act shall be deemed guilty of malfeasance in office, and be suspended or removed accordingly by the governor or head of the department to which such officer is attached.

"Sec. 3. Any employer or corporation working their employes over the time specified in this act shall pay as extra compensation double the amount per hour as paid for previous hour.

"Sec. 4. Any party or parties contracting with the state of Nebraska, or any such corporation or private employer, who shall fail to comply with or secretly evade the provisions hereof by exacting or requiring more hours of labor for the compensation agreed to be paid per day than is herein fixed or provided for shall, on conviction thereof, be deemed guilty of a misdemeanor and be punished by a fine of not less than one hundred (\$100) dollars nor more than one thousand (\$1,000) dollars."

The constitutional provisions with which it is claimed the above act is in conflict are, first, the closing sentence of section 15, article 3, that "in all other cases where a general law can be made applicable no special law shall be enacted;" second, the third section of the bill of rights, that "no person shall be deprived of life, liberty or property without due process of law." It is also urged against the act that it is void, as an attempt by the legislature to prevent persons legally competent to enter into contracts from making their own contracts. In the present controversy there is necessarily involved the validity of the entire act, for although only the first and third sections are directly attacked, yet it is apparent, from an inspection of the act as a whole, that these two sections formed an inducement to its passage. The act must therefore stand or fall as an entirety. (*Trumble v. Trumble*, 37 Neb., 340.)

There seems to have been an oversight as to the first cause of action, for the averments therein were, in substance, that there was a contract of employment at the rate of thirty cents per hour; that the plaintiff was by the defendant worked eleven hours, and had received payment to the amount of but \$3; that is, for ten hours' work at the rate stipulated. On the face of the petition there was, therefore, unpaid thirty cents upon the first cause of action. This has not been insisted upon in argument, however, and will therefore receive no further attention.

The second cause of action avers that there was a written

agreement between the parties that after August 1, 1891, employment should be by the hour at the rate of \$3 for ten hours' work; that is to say, plaintiff was to receive thirty cents per hour, but he agreed to work each day ten hours. It is alleged that on August 8, 1891, plaintiff worked ten hours and had been paid therefor \$3. According to the terms of the agreement between the parties, the plaintiff, by the payment of \$3, had received all that was his due. By virtue of the provisions of section 3 of the act under consideration it is insisted, however, that for the ninth hour plaintiff is still entitled to receive thirty cents, and for the tenth hour he is yet entitled to ninety cents. This clearly presents the question whether a contract fairly entered into, and in compliance with which both parties have acted to the full discharge of their obligations thereunder, must be deemed modified by the existing provisions of the statute, irrespective of the intention of the parties as expressed in their contract.

Until a comparatively recent period it would have been quite difficult to find adjudications pertinent to the legal propositions involved. For some reason, not necessary to consider, there has in modern times arisen a sentiment favorable to paternalism in matters of legislation. The outgrowth of this sentiment has been legislation for the regulation of the media of payment; the manner in which products shall be measured or weighed when compensation depends upon measure or weight; the hours of labor, and other kindred subjects. In each instance the statutory provision is necessarily a restriction of the right to regulate relations and duties by contract. To the fact that these attempts have recently been so frequently made, we are indebted for a number of well considered adjudications bearing upon the questions now presented for our determination. While there has not been entire unanimity, the decided weight as well as the number of authorities are coincident with those from which quotations will hereafter be

made. That these quotations are freely made requires no other apology than that the cases quoted from are so ably and carefully considered that to them we should be hopeless to make any additions or improvement by the most careful research of which we are capable. The three several objections to the act under consideration will be taken up in the order of their statement, and considered rather in the light of authority than in that of original reasoning or research.

1. The first section of the statute under consideration provided what number of hours should constitute a legal day's work for all classes of laborers except those engaged in farm or domestic labor. The argument made in favor of the necessity that each day the excess over eight hours should be devoted to rest, recreation, and mental improvement loses much of its force when these very desirable benefits are by the statute itself restricted to certain defined classes of laborers, no one of which, independently of the statute, devotes so many hours to labor as do the classes denied the protection of the statute. Legislation of this kind is always fraught with danger, hence arose the prohibition of special legislation when avoidable which is found in our constitution. In *State v. Loomis*, 22 S. W. Rep. [Mo.], 350, we find an opinion of the supreme court of Missouri, one judge alone dissenting, of which the syllabus is as follows: "Revised Statutes, 1889, sections 7058-7060, making it unlawful for any corporation, person, or firm engaged in manufacturing or mining to issue for the payment of wages any order, check, or other token of indebtedness, payable otherwise than in lawful money, unless the same is negotiable and redeemable at its face value in cash or in goods at the option of the holder at the store or other place of business of the corporation, person, or firm, without placing similar restrictions on others employing labor, is unconstitutional as class legislation." In the majority opinion which was filed March 25, 1893, class

legislation is ably discussed in the following language: "There is no doubt but many of our legislative enactments operate upon classes of individuals only, and they are not invalid because they so operate, so long as the classification is reasonable and not arbitrary. Thus, it is perfectly competent to legislate concerning married women, minors, insane persons, bankers, common carriers, and the like; and the power of the legislature to prescribe police regulations applicable to localities and classes is very great, because such laws are designed to protect property and the safety, health, and morals of the citizen; but classification for legislative purposes must have some reasonable basis upon which to stand. It must be evident that differences which would serve for a classification for some purposes furnish no reason whatever for a classification for legislative purposes. The differences which will support class legislation must be such as in the nature of things furnish a reasonable basis for separate laws and regulations. Thus, the legislature may fix the age at which persons shall be deemed competent to contract for themselves, but no one will claim that competency to contract can be made to depend upon stature or color of the hair. Such a classification for such a purpose would be arbitrary and a piece of legislative despotism, and, therefore, not the law of the land. When speaking upon this subject, Judge Cooley says: 'The doubt might also arise whether a regulation made for any one class of citizens entirely arbitrary in its character and restricting their rights and privileges or legal capacity in a manner before unknown to the law could be sustained notwithstanding its generality. Distinctions in these respects must rest upon some reason upon which they can be defended, like the want of capacity in infants and insane persons; and if the legislature should undertake to provide that persons following some specified lawful trade or employment should not have capacity to make contracts, or to build such houses as others

were allowed to erect, or in any other way to make such use of their property as was permissible to others, it can scarcely be doubted that the act would transcend the due bounds of legislative power, even though no express constitutional provision could be pointed out with which it would come in conflict. To forbid an individual or a class the right to the acquisition and enjoyment of property in such manner as should be permitted to the community at large, would be to deprive them of liberty in particulars of primary importance to their pursuit of happiness; and those who shall claim a right to do so ought to be able to show specific authority therefor instead of calling upon others to show how and where the authority is negatived.' (Cooley, Const. Lim. [6th ed.], 484.) There can be no doubt that the legislature may regulate the business of mining and manufacturing so as to secure the health and safety of the employes, but that is not the scope of the two sections of the statute now in question. They single out those persons who are engaged in carrying on the pursuits of mining and manufacturing and say to such persons: 'You cannot contract for labor payable alone in goods, wares, and merchandise. The farmer, the merchant, the builder, and the numerous contractors employing thousands of men, may make such contracts, but you cannot.' They say to the mining and manufacturing employes: 'Though of full age and competent to contract, still you shall not have the power to sell your labor for meat and clothing alone as others may.' It will not do to say these sections simply regulate payment of wages, for that is not their purpose. They undertake to deny to the persons engaged in the two designated pursuits the right to make and enforce the most ordinary, every-day contracts,—a right accorded to all other persons. This denial of the right to contract is based upon a classification which is purely arbitrary, because the ground of the classification has no relation whatever to the natural capacity of persons to contract."

After the above expression of its views the supreme court of Missouri reviewed the authorities bearing upon the question discussed. This review we shall quote, because therein is contained a condensed statement of the purport of numerous decisions which tend to enlighten the subject under discussion. The language in which this review was made is as follows:

"The supreme judicial court of Massachusetts had under consideration in *Commonwealth v. Perry*, 28 N. E. Rep., 1126, a statute which provides that 'no employer shall impose a fine upon, or withhold the wages or any part of the wages of, an employe engaged at weaving, for imperfections that may arise during the process of weaving.' It was held that if the act went no further than to forbid the imposition of a fine for imperfect work it might be sustained, but that the attempt to make inferior work answer a contract for good work presented a different question; that the right to acquire, possess, and protect property includes the right to make reasonable contracts which shall be under the protection of the law. Says the court: 'If it [the statute] be held to forbid the making of such contracts, and to permit the hiring of weavers only upon terms that prompt payment shall be made of the price for good work, however badly their work may be done, and that the remedy of the employer for their derelictions shall be only by suits against them for damages, it is an interference with the right to make reasonable and proper contracts in conducting a legitimate business which the constitution guaranties to every one when it declares that he has a natural, inalienable right of acquiring, possessing, and protecting property.'

"*Godcharles v. Wigeman*, 113 Pa. St., 431, 6 Atl. Rep., 354, was an action brought by Wigeman to recover wages as a puddler. Plea of payment, etc. During the time of his employment the plaintiff asked for and received orders from defendants on different parties for coal and other articles, which orders were honored by the parties on whom

drawn, and the defendants paid them. It seems an act of the legislature made all orders given by employers engaged in the business of manufacturing, to their workmen, payable in goods or anything but money, void. Speaking of these sections of the act the court said: 'They are utterly unconstitutional and void, inasmuch as by them an attempt has been made by the legislature to do what in this country cannot be done; that is, prevent persons who are *sui juris* from making their own contracts. The act is an infringement alike of the right of the employer and the employe. He may sell his labor for what he thinks best, whether money or goods, just as his employer may sell his iron or coal, and any and every law that proposes to prevent him from so doing is an infringement of his constitutional privileges, and consequently vicious and void.'

"In *State v. Goodwill*, 33 W. Va., 179, 10 S. E. Rep., 285, a statute of that state prohibited persons engaged in mining and manufacturing from issuing orders in payment for labor except as such should be made payable in money. It made a violation of its provisions a misdemeanor. The constitution of that state declares that all men have certain inherent rights; that is to say, 'the enjoyment of life and liberty, with the means of acquiring and possessing property and of pursuing and obtaining happiness and safety.' The statute was held unconstitutional after a full consideration. Says the court: 'The right to use, buy, and sell property, and contract in respect thereto, including contracts for labor, which is, as we have seen, property, is protected by the constitution.' The scope of the opinion is well summarized in the head-note in these words: 'It is not competent for the legislature under the constitution to single out owners and operators of mines and manufacturers of every kind and provide that they shall bear the burdens not imposed on other owners of property or employers of labor and prohibit them from making contracts which it is competent for other owners of property or employers

of labor to make.' And this ruling was followed and approved in *State v. Fire Creek Coal & Coke Co.*, 33 W. Va., 188, 10 S. E. Rep., 288.

"The statute brought in question in *Millett v. People*, 117 Ill., 294, required all coal produced in the state to be weighed on scales to be furnished by the mine owners, and subjected the mine owner to fine or imprisonment for a failure to comply with its provisions. By another section it was provided 'that all contracts for the mining of coal in which the weighing of coal as provided for in this act shall be dispensed with, shall be null and void.' It was held that the mine owners could not be compelled to make their contracts for mining coal so as to be regulated by weight; and that they could not be compelled to keep and use scales for such purposes, save when they saw fit to make contracts for mining on the basis of weight. The law was considered repugnant to the constitutional provision that 'no person shall be deprived of life, liberty, or property without due process of law;' that to single out coal-mine owners and prohibit them from making contracts which it was competent for other employers of labor to make was not due process of law. And for like reasons the same court held an act void which denied to persons and corporations engaged in mining and manufacturing the right to keep or be interested in a truck store for furnishing supplies, etc. (*Frorer v. People*, 31 N. E. Rep. [Ill.], 395.)"

The opinion above quoted from reversed the judgment of the second division of the same court reported in 20 S. W. Rep., 332, by which division it had been referred to the full bench for determination.

In *State v. Sheriff of Ramsey County* the supreme court of Minnesota filed an opinion on January 19, 1892, which is reported in 51 N. W. Rep., 112, in which was used this language: "In *Nichols v. Walter*, *supra*, 37 Minn., 264, it was held that the law was general and uniform in its operation which operates equally upon all the subjects

Low v. Rees Printing Co.

within the class for which the rule is adopted, but that the legislature cannot adopt an arbitrary classification, though it be made to operate equally upon each subject within the class; and the classification must be based on some reason suggested by such a difference in the situation and circumstances of the subjects placed in different classes as to disclose the necessity or propriety of different legislation in respect to them. In *State v. Donaldson*, 41 Minn., 74, a distinction or classification of dealers in medicines, based on the location of their places of business in respect to distance from drug stores, was held reasonable and not a mere arbitrary distinction. In *Johnson v. St. Paul & D. R. Co.*, 43 Minn., 224, this court in dealing with chapter 13, Laws 1887, defining the liability of railway companies to their employees, said, in substance, that not only must the statute treat alike, under the same conditions, all who are brought within it, but in its classifications it must bring within it all who are under the same conditions. 'Such law must embrace all and exclude none whose condition and wants render such legislation necessary or appropriate to them as a class.' (*Randolph v. Wood*, 49 N. J. Law, 88.) * * * No arbitrary distinction between different kinds or classes of business can be sustained, the conditions being otherwise similar. The statute is leveled against nuisance occasioned by dense smoke, and it can make no practical difference in what business the owners or occupants of the buildings in which such smoke is produced are engaged, or whether the heat evolved from the combustion of the fuel producing such smoke is applied to the generation of steam or other useful purposes; or, further, whether steam power is used in manufacturing or is applied to other uses, as a grain elevator or hoisting apparatus in a warehouse. We are obliged to hold that the distinction or classification attempted to be made is untenable."

There is perceived no reason why a resort to special legislation was necessary in respect to the subject-matter

of the act with which we are now dealing. If we are correct in this assumption, the language quoted is specially applicable to the provisions of the statute by which its benefits are withheld from domestic and farm laborers. These views are enunciated with somewhat more of confidence because they are in line with the reasoning of this court in *Atchison & N. R. Co. v. Baty*, 6 Neb., 37.

2. The third section of article 1 of the constitution of this state provides that "no person shall be deprived of life, liberty, or property without due process of law." What is implied by the term "due process of law" is a question which has received discussion by this court. In *Atchison & N. R. Co. v. Baty*, *supra*, it was held, in the language of the first paragraph of the syllabus, that "legislative authority cannot reach the life, liberty, and property of the individual, except when he is convicted of crime, or when the sacrifice of his property is demanded by a just regard for the public welfare." In the discussion of the principles involved in the case, from which the above quotation of the first paragraph of the syllabus was taken, GANTT, J., delivering the opinion of this court, said: "The terms 'due process of law' and 'the law of the land'—one or the other of which is found in all constitutions of the states—are said to mean the same thing; and it is quite clear that they are indifferently used in constitutions for the same purpose. They are said to refer to a pre-existing rule of conduct, and designed to exclude arbitrary power from every branch of the government. (*State v. Doherty*, 60 Me., 509; *Norman v. Heist*, 5 W. & S. [Pa.], 171; *State v. Simons*, 2 Spears [S. Car.], 767.) Hence these terms do not mean merely a legislative enactment, for, 'if they did, every restriction upon the legislative authority would be at once abrogated. For what more can a citizen suffer than to be taken, imprisoned, disseized of his freehold, liberties, and privileges; be outlawed, exiled, and destroyed; and be deprived of his property, his liberty, and

Low v. Rees Printing Co.

his life, without crime. Yet all this he may suffer, if an act of the assembly, simply denouncing these penalties upon particular persons, or a particular class of persons, be in itself the law of the land within the sense of the constitution.' (*Hoke v. Henderson*, 4 Dev. [N. Car.], 1.) Webster interprets these terms to mean 'that every citizen shall hold life, liberty, property, and immunities under the protection of the general rules which govern society. Everything which may pass under the form of an enactment is not, therefore, to be considered as the law of the land;' and, he says, 'if this were so, acts directly transferring one man's estate to another, legislative judgments, decrees, and forfeitures in every possible form would be the law of the land. There would be no general, permanent law for the courts to administer or even to live under. The administration of justice would be an empty form, an idle ceremony. Judges would sit to execute legislative judgments and decrees, and not to declare the law, or administer the justice of the country.' (5 Webster's Works, 487; *State v. Doherty*, 60 Me., 509; *Holden v. James*, 11 Mass., 404; *Lane v. Dorman*, 2 Scam. [Ill.], 240-1; *Commonwealth v. Bryne*, 20 Gratt. [Va.], 165; *Bank of Columbia v. Okely*, 4 Wheat. [U. S.], 243.) It is, however, true that subject to the qualified negative of the governor, the legislature possesses all the legislative power of the state; but as it is said in *Taylor v. Porter*, 4 Hill [N. Y.], 144, 'under our system of government the legislature is not supreme. It is only one of the organs of absolute sovereignty which resides in the whole body of the people,' and, therefore, as the 'security of life, liberty, and property lay at the foundation of the civil compact, to say that the grant of legislative power included the right to attack private property would be equivalent to saying that the people had delegated to their servants the power of defeating one of the great ends for which government was established.' (Smith's Const. Law, 484.) This one great end of gov-

ernment is the protection of the absolute right of individuals—the life, liberty, and property of each citizen of the state.” In *State v. Loomis, supra*, the term “due process of law” was discussed and applied to subjects kindred to those now under consideration. The court of appeals of Texas, in an opinion filed June 25, 1892, and found in *San Antonio & A. P. R. Co. v. Wilson*, 19 S. W. Rep., 910, cites with approval the case of the *Atchison & N. R. Co. v. Baty, supra*. Immediately following and enforcing their approval was a full review of the same subject as had been discussed by Judge GANTT, with a synopsis of the holdings of numerous courts with reference thereto. The length of this opinion forbids an extended quotation from the opinion to which reference has just been made, but its examination will be found to further illustrate and enforce the principles laid down in *Atchison & N. R. Co. v. Baty, supra*. The special practical application of the principles to which we have just referred refer to the alleged attempt to deprive parties of the right to contract as they see fit, and will, therefore, be treated under that head.

3. In *Braceville Coal Co. v. People*, there was filed October 26, 1893, by the supreme court of Illinois an opinion, reported in 147 Ill., 66, in which was the following language: “There can be no liberty protected by government that is not regulated by such laws as will preserve the right of each citizen to pursue his own advancement and happiness in his own way, subject only to the restraints necessary to secure the same right to all others. The fundamental principle upon which such liberty is based, in free and enlightened government, is equality under the law of the land. It has accordingly been everywhere held that liberty, as that term is used in the constitution, means not only freedom of the citizen from servitude and restraint, but is deemed to embrace the right of every man to be free in the use of his powers and faculties, and to adopt and pursue such a vocation or calling as he may

choose, subject only to the restraints necessary to secure the common welfare. (*Fraser v. People, supra*; *Commonwealth v. Perry*, 28 N. E. Rep. [Mass.], 1126; *People v. Gillson*, 109 N. Y., 389; *Live Stock Dealers & Butchers Association v. Crescent City Live Stock Landing & Slaughter House Co.* 1 Abb. [U.S.], 388; *Slaughter House Cases*, 16 Wall. [U.S.], 36; *Godcharles v. Wigeman*, 113 Pa. St., 431; *State v. Goodwill*, 33 W. Va., 179.) Property, in its broader sense, is not the physical thing which may be the subject of ownership, but is the right of dominion, possession, and power of disposition which may be acquired over it; and the right of property preserved by the constitution is the right not only to possess and enjoy it, but also to acquire it in any lawful mode, or by following any lawful industrial pursuit which the citizen, in the exercise of the liberty guaranteed, may choose to adopt. Labor is the primary foundation of all wealth. The property which each one has in his own labor is the common heritage; and as an incident to the right to acquire other property, the liberty to enter into contracts by which labor may be employed in such way as the laborer shall deem most beneficial, and of others to employ such labor, is necessarily included in the constitutional guaranty. * * * We need not extend this opinion by further discussion. The right to contract necessarily includes the right to fix the price at which labor will be performed and the mode and time of payment. Each is an essential element of the right to contract, and whosoever is restricted in either, as the same is enjoyed by the community at large, is deprived of liberty and property."

For a further discussion of these propositions reference is made to the case entitled *Application of Jacobs*, 98 N. Y., 106. A complete review of the authorities upon this point will be found in *Leep v. St. Louis, I. M. & S. R. Co.*, 25 S. W. Rep. [Ark.], 75, in which the opinion of the supreme court of Arkansas was filed February 23, 1894. It is the latest case which has come under our observation,

Olsen v. Webb.

and is strictly in line with those above quoted from and cited as to the questions under consideration.

A full and careful examination of all the questions presented has satisfied us that sections 1 and 3 of the act discussed are unconstitutional for the reasons above assigned. The legislation attempted cannot be defended as a police regulation, as was attempted in argument, for, under pretense of the exercise of that power, the legislature cannot prohibit harmless acts which do not concern the health, safety, and welfare of society. (*Millett v. People, supra; Frorer v. People, supra; State v. Loomis, supra; Ex parte Kuback, 85 Cal., 274; Application of Jacobs, supra; People v. Gillson, supra.*) The claim that this act was a proper exercise by the legislature of its police power cannot be sustained. It results that the judgment of the district court is

AFFIRMED.

FRANK O. OLSEN V. ADA WEBB.

FILED JUNE 6, 1894. No. 4965.

Landlord and Tenant: INJURIES TO PROPERTY: BURDEN OF PROOF. A land-owner sued his tenant for damages for injuries inflicted by her on his property during her occupancy thereof. The tenant answered that whatever injury she had done to the property was by the direction and permission of the land-owner. To this he replied by a general denial. The court instructed the jury: "The burden of proof is upon the plaintiff to make out his case. He must satisfy you by a preponderance of the evidence that the things complained of were done by the defendant without authority from him and the amount of damage done." *Held, Error; that the defense was an affirmative one, and the burden of proof was upon the defendant to prove it. Williams v. Evans, 6 Neb., 216, followed.*

ERROR from the district court of Douglas county. Tried below before HOPEWELL, J.

Olsen v. Webb.

C. P. Halligan, for plaintiff in error.

W. C. Van Gilder, *contra*.

RAGAN, C.

Frank O. Olsen sued Ada Webb in the district court of Douglas county for damages, alleging that Miss Webb, while his tenant, cut, sawed, broke, and otherwise injured the building leased to her. To this petition Miss Webb filed an answer consisting of a general denial and an affirmative defense, that if there was any cutting, sawing, or any other injury done to the premises it was done at the dictation and express orders of Olsen. To this answer Olsen filed a reply consisting of a general denial. Miss Webb had a verdict and judgment, and Olsen brings the case here on error.

On the trial of the case the district court instructed the jury as follows: "The court instructs the jury that the burden of proof is upon the plaintiff to make out his case. He must satisfy you by a preponderance of the evidence that the things complained of were done by the defendant without authority from him, and the amount of damages done." The giving of this instruction is the only error assigned. The burden of proof was upon Olsen to show that Miss Webb had damaged his property, and the amount of such damage, but the burden was not upon him to show that the damage done by her to his property was without his authority. Miss Webb, by her answer, in effect pleaded that the damage done to Olsen's property by her was caused by his authority and direction. This was a good defense, if proved. It was an affirmative defense, and the burden was upon her to show it. (*Williams v. Evans*, 6 Neb., 216.) The instruction was erroneous and the judgment of the district court is reversed and the cause remanded.

REVERSED AND REMANDED.

MARY A. BURGE, APPELLEE, V. MARY E. GANDY,
APPELLANT, ET AL.

FILED JUNE 6, 1894. No. 5314.

41	149
45	386
41	149
53	18
41	149
58	48

1. **Set-Off: ACTION ON CONTRACT.** A set-off can only be pleaded in an action founded on contract, and must be a cause of action arising upon contract or ascertained by the decision of a court. (Code of Civil Procedure, sec. 104.)
2. ———. A claim on the part of the defendant which he will be entitled to set off against the claim of a plaintiff against him must be one upon which he could, at the date of the commencement of the suit, have maintained an action on his part against the plaintiff. *Simpson v. Jennings*, 15 Neb., 671, followed.
3. ———: **DOMESTIC JUDGMENTS.** The owner of a domestic judgment may maintain an action thereon, and he may make it the basis of a set-off in a suit brought against him to foreclose a mortgage owned by a party liable on such judgment.
4. **Evidence: JUDICIAL RECORDS.** A judicial record of this state may be proved by the producing of the original, or by a copy thereof, certified by the clerk or the person having the legal custody thereof, authenticated by his seal of office, if he have one. (Code of Civil Procedure, sec. 413.)
5. **Judicial Records.** A judicial record is a precise history of a suit from its commencement to its termination, including the conclusion of law thereon, drawn by the proper officer for the purpose of perpetuating the exact state of facts. *Davidson v. Murphy*, 13 Conn., 213, followed.
6. ———: **SET-OFF.** In a suit brought by Mary Burge against M. E. Gandy the latter pleaded as a set-off a judgment of the county court rendered in her favor against Burge. The only evidence offered by Gandy to support her plea of set-off was as follows: "Defendant requests the clerk of the court to read the judgment; who complied, reading as follows: 'Judgment record B 2, page 243. Mary E. Gandy, plff., v. John B. Burge and M. Burge, defts. Rendered February 28, 1887. Judgment rendered against both defendants. Amount, \$146.45. Costs, \$1.20. Interest, ten per cent. Transcript filed April 23, 1888, from county court. G. T. Belding, County Judge.' Q. What book is that? A. (By the clerk.) Judgment record B 2." *Held*, (1)

Burge v. Gandy.

That this evidence did not show a judgment, but was a mere recital that one had been rendered; (2) that it was not an original record of a judgment nor an exemplification of such record; (3) that the set-off pleaded was not proved.

APPEAL from the district court of Pawnee county. Tried below before APPELGET, J.

E. W. Thomas, for appellant.

H. C. Lindsay, contra.

RAGAN, C.

Mary E. Burge brought this suit in the district court of Pawnee county to foreclose a mortgage against Mary E. Gandy and others. Mrs. Gandy in her answer alleged that she was the owner of a judgment rendered by the county court of said county in her favor and against Mrs. Burge and others; that such judgment was wholly unsatisfied, and prayed that the amount of such judgment, with interest and costs, might be set off against the amount due Mrs. Burge on the mortgage sought to be foreclosed. To this answer Mrs. Burge filed a reply consisting of a general denial. The district court rendered a decree in favor of Mrs. Burge for the amount due on her mortgage, but disallowed the set-off pleaded by Mrs. Gandy, and she brings the case here on appeal, her only complaint being the action of the district court in disallowing her set-off.

Section 104 of the Code of Civil Procedure provides: "A set-off can only be pleaded in an action founded on contract and must be a cause of action arising upon contract or ascertained by the decision of a court." Mrs. Burge's action is founded on contract, and the set-off as pleaded by Mrs. Gandy not only arose upon contract, but had been ascertained by the judgment of a court. In *Simpson v. Jennings*, 15 Neb., 671, it is said: "A claim on the part of a defendant which he will be entitled to

set off against the claim of the plaintiff against him must be one upon which he could, at the date of the commencement of the suit, have maintained an action on his part against the plaintiff." Mrs. Gandy, at the time this suit was commenced, could have maintained an action against Mrs. Burge on the judgment which she pleaded as a set-off. (2 Black, Judgments, sec. 958, and cases cited.) The set-off then pleaded by Mrs. Gandy came within both the letter and the spirit of the Code and within the construction placed thereon by this court. The judgment pleaded was a joint and several one, and since it was a proper subject of set-off, the district court erred in not allowing it if the recovery and existence of the judgment as pleaded was proved.

2. The evidence, and all the evidence, offered by Mrs. Gandy to support her plea of set-off was as follows:

"Defendants offer in evidence the judgment that they set up here. Defendant requests the clerk of the court to read the judgment, who complied, reading as follows: 'Judgment record B 2, page 243. Mary E. Gandy, plff., v. John B. Burge and M. Burge, defts. Rendered February 28, 1887. Judgment rendered against both defendants. Amount, \$146.45. Costs, \$1.20. Interest, ten per cent. Transcript filed April 23, 1888, from county court. G. T. Belding, County Judge.'

"Q. What book is that?

"A. (By the clerk.) Judgment record B 2."

The recovery and existence of the judgment pleaded by Mrs. Gandy as a set-off were put in issue by her answer and the reply of Mrs. Burge thereto. The question then is, does the evidence quoted above prove the set-off pleaded by Mrs. Gandy? We are of opinion that it does not. Section 413 of the Code of Civil Procedure provides: "A judicial record of this state * * * may be proved by the producing of the original, or by a copy thereof, certified by the clerk or the person having the legal custody thereof, authenticated by his seal of office, if he have one."

Burge v. Gandy.

A judicial record is a precise history of a suit from its commencement to its termination, including the conclusion of law thereon drawn by the proper officer for the purpose of perpetuating the exact state of facts. (*Davidson v. Murphy*, 13 Conn., 213.) If the evidence read by the clerk was the original record made by the county judge in the proceeding of Gandy against Burge and others, it was not a judgment at all, but a mere recital that a judgment had been rendered against Burge and Burge. (*Sprick v. Washington County*, 3 Neb., 243.) If we consider the matter read by the clerk a judgment, then there is no evidence that it was the original judgment rendered by the county court in favor of Mrs. Gandy, and against Burge and Burge. The rendition or existence of a domestic judgment may be proved by the original record thereof, or by an exemplification of such record, but the evidence offered in support of this judgment entirely fails to show that any such judgment as that pleaded was rendered. The evidence does not purport to be the original record of the judgment, nor an exemplification of such record. Again, the judgment pleaded as a set-off was alleged to have been recovered against Mary A. Burge. The proof offered tends to show that a judgment was rendered in favor of Mrs. Gandy and against M. Burge; but there is no proof of the identity of Mary A. Burge and M. Burge. So that, in any view we may take of the case, the district court had before it no evidence from which it would have been justified in finding in favor of Mrs. Gandy the set-off pleaded by her. The decree is

AFFIRMED.

C. B. HAVENS & COMPANY V. GRAND ISLAND LIGHT &
FUEL COMPANY.

41	153
45	881
41	153
54	338
54	358

FILED JUNE 6, 1894. No. 5557.

1. **Sales: DELIVERY OF GOODS TO CARRIER: EFFECT.** The general rule is that the delivery of goods to a carrier consigned to the purchaser thereof is a delivery to such purchaser, and that the title of the goods so delivered to the carrier at once vests in the purchaser; but this rule is not a universal one, and whether applicable in any case, depends upon the facts, circumstances, and contract between the seller and the purchaser in the case.
2. ———: **ESTOPPEL.** It seems that a defendant sued on a contract for goods of a certain quality and price is estopped from interposing the defense that the goods were inferior in quality to those he had contracted for when it is shown that he, without protest or objection, converted to his own use the goods furnished him under said contract, and the defect in such goods was apparent on inspection.
3. ———: **EVIDENCE.** The evidence in this case examined, and held to support the findings of the jury, that the coal sued for herein was to be delivered at Grand Island, and that the coal delivered was inferior in quality to that contracted to be delivered.

ERROR from the district court of Hall county. Tried below before COFFIN, J.

Bartlett, Crane & Baldrige and Martin Langdon, for plaintiff in error.

Abbott & Caldwell, contra.

RAGAN, C.

In October, 1889, C. B. Havens & Co. were coal merchants in the city of Omaha and the Grand Island Light & Fuel Company was a corporation engaged in the manufacture of gas and dealing in coal in the city of Grand Island. On the 12th day of October of said year Havens

Havens v. Grand Island Light & Fuel Co.

& Co. wrote a letter to the fuel company as follows: "We had two cars of grate coal shipped on our account from mine to consumer of ours, who reports that the coal is a little too large size for his use. Knowing that you prefer the larger sized grate coal, we will make you offer of \$9.85 on these two cars if you can receive them between the 20th and 30th of this month. The coal is straight D. L. and W. Scranton, fresh from the mine. Please advise us at your early convenience." On the 15th of October the fuel company answered this letter as follows: "Your letter of the 12th inst. at hand. You may ship the two cars of hard coal at price named in your letter." On the 16th of October Havens & Co wrote to the fuel company the following letter: "We have your favor of the 15th and have entered your order for two cars of grate coal at \$9.85 per ton, F. O. B. Grand Island. Will have the cars forwarded to you in a few days." In pursuance of this correspondence Havens & Co. shipped to the fuel company two cars of coal. One car was numbered 29390 and contained 29,010 pounds of coal. This car of coal is only incidentally involved in this action, as it was accepted by the fuel company and paid for. The other car shipped by Havens & Co. was a car numbered 6855, and claimed by them to contain 29,680 pounds of coal. It was to recover for this last car of coal that this action was brought. The fuel company defended on the grounds that they did not receive as much coal as sued for, and that the coal received was inferior in quality to that which Havens & Co. agreed to furnish by their contract. Havens & Co. had a verdict for \$8.13, on which judgment was rendered, and they bring the case here for review.

1. The first, second, and third errors assigned are that the verdict is not sustained by sufficient evidence and is contrary to the law of the case. There is practically no dispute but that the car of coal delivered to the fuel company did not contain the amount of coal sued for; and the

evidence supports the finding of the jury that the coal delivered was inferior in quality to that contracted for. Counsel for Havens & Co., however, contend that the title to the coal vested in the fuel company when it was delivered to the carrier at Omaha, and that if the coal received by the fuel company was inferior in quality or less in amount than the coal delivered to the carrier at Omaha, that such loss and depreciation must be borne either by the carrier or the fuel company. The general rule doubtless is that the delivery of goods to a carrier consigned to the purchaser is a delivery to the purchaser, and that the title of the goods so delivered to the carrier at once vests in the purchaser; but this rule is by no means universal, and whether applicable in any case, depends upon the facts, circumstances, and the contract between the seller and the purchaser in the case. But if we consider that the title to this car of coal sued for vested in the fuel company at the moment it was consigned to the carrier at Omaha by Havens & Co., we do not see how that would help the plaintiff in error here. To make the fuel company or the carrier bear the loss resulting from the inferior quality of coal and its depreciation in amount the plaintiffs in error would have to show that they delivered the amount of coal sued for to the carrier at Omaha, and that the coal delivered was of the quality called for by the contract; and the evidence in the record does not show either one of these facts. The fuel company was not to pay for this coal by the car, but to pay so much per ton for it, and the coal was to be of a certain quality, and if Havens & Co. delivered this coal to the fuel company at Omaha, then the fuel company is not compelled to pay for any more coal than was delivered to it at Omaha, and not compelled to accept or pay for coal inferior in quality to that purchased.

Another argument under this assignment of error is that the fuel company accepted and used the coal shipped without protest and is now estopped from alleging that the coal

Havens v. Grand Island Light & Fuel Co.

received was inferior in quality to that called for by the contract. If one contracts for property of certain quality, and on receiving it accepts and uses such property without any protest or objection, such act affords very strong evidence, indeed, either that the goods purchased came up to the standard of those contracted for, or that their inferiority was waived; and it may be that a defendant, when sued on a contract for goods of a certain quality and price, would be estopped from interposing the defense that the goods were inferior in quality to those he had contracted for, when it was shown that he had, without protest or objection, converted to his own use the goods furnished him under the contract, and the defects therein were apparent on inspection. In the case at bar the evidence shows that the car of coal sued for and the car with which it was shipped reached the city of Grand Island on the 6th of November, but was not delivered to the fuel company until the 14th, at which time the two cars were unloaded into bins of the fuel company; and on that date it wrote a letter to Havens & Co., as follows: "We have just received Wabash car 6855. This car has been in wreck and is still broken at the end. We believe that the coal is short from one and a half tons to two and a half tons. Before we accept this coal we want you to wire the Union Pacific agent and make the shortage good, or sell it to other parties." On the same day Havens & Co. answered this letter with a communication as follows: "Referring to your favor of the 14th in which you say Wabash car 6855 has been received and evidently been in a wreck, will say we have seen Mr. Van Kuran, auditor Union Pacific railway, to-day concerning this and he will take the matter up at once and if the car is damaged will have the coal weighed out to you by the agent at Grand Island, and he promises to attend to the same to-morrow." On the 25th day of November following the fuel company wrote another letter to Havens & Co., inclosing them the pay for the car of

good coal shipped with the car No. 6855, and in this letter the fuel company said: "We claim shortage of 1,280 pounds. This car of coal is no good, and you must make us a discount. We would not buy this class of coal at any price. We in fact can hardly make use of any of it." On the 26th of November Havens & Co. answered this letter, acknowledging receipt of the pay for the car of good coal, and in the letter said: "Relative to Wabash car 6855, we can do nothing in this matter until you send us expense bill on the same." Nothing was said in the letter in any manner about the inferior quality of the coal. We do not think that this evidence shows such an acceptance of the coal by the fuel company as would estop it from alleging in this suit the defense of the inferior quality of the coal.

2. The fourth and fifth errors alleged are assigned in the following language: "The court erred in sustaining objections made by the defendant to the evidence offered by the plaintiff and in overruling objections made by plaintiff to evidence offered by defendants." These assignments are too indefinite for review. The rule of this court many times announced is that if a litigant is of opinion that the trial court erred in its ruling and desires to review such error in this court, he should specifically state in his petition in error here what action of the district court he claims was erroneous. (*Haskell v. Valley County*, 41 Neb., 234.)

3. The sixth error alleged is assigned in this language: "The court erred in giving instructions given by the court on its own motion, Nos. 1, 2, 3, 4, and 5." Some of these instructions were properly given, and under the rule laid down in *Hiatt v. Kinkaid*, 40 Neb., 178, and *McDonald v. Bowman*, 40 Neb., 269, as the objection goes to the instructions *en masse*, we will not consider the error alleged further than to ascertain if any one of them is good.

4. The eighth assignment of error is in the following language: "The court erred in giving instructions that there was a contract to deliver goods to defendant at Grand

Island." What has already been said sufficiently disposes of this assignment.

5. The ninth error alleged is as follows: "Defendant did not plead a contract to deliver said coal at Grand Island, and the court erred in finding the same." It is not stated in any of the pleadings in the case at what place this coal was to be delivered, and if the jury found from the evidence that the coal was to be delivered at Grand Island, we think the evidence ample to sustain that finding. By the letter of October 16, written by Havens & Co. to the fuel company, it is stated: "We have your favor of the 15th and have entered your order for two cars of grate coal at \$9.85 per ton F. O. B. Grand Island." The evidence shows that the total cost of this coal to the fuel company was to be \$9.85 per ton at Grand Island; and it also appears from the record that Havens & Co. accepted from the fuel company, as part payment of the other car of coal shipped with the one in suit, the freight bills for the coal turned over by the carrier to the fuel company. To adopt the contention of counsel that by the terms of the contract the fuel company was to pay \$9.85 a ton for the coal at the place of delivery, and that that place of delivery was Omaha, would make the coal cost the fuel company in Grand Island about \$16 per ton, as the evidence shows that the carrier's charges amounted to about \$6 per ton.

6. The tenth, and last, assignment of error is as follows: "The court erred in refusing to give instructions Nos. 1, 2, 3, and 4, asked for by the plaintiff." At least three of these instructions should not have been given, and for reasons already assigned we will not determine whether or not there was any error in the refusal of the court to give the other two. The judgment of the district court is

AFFIRMED.

FREMONT, ELKHORN & MISSOURI VALLEY RAILROAD
COMPANY V. SHERRY LESLIE.

41	150
47	009
48	044
41	150
159	724

FILED JUNE 6, 1894. No. 5182

1. **Master and Servant: NEGLIGENCE.** The evidence in this case examined, and *held* to support the findings of the jury, that the injury sued for herein by the defendant in error was not caused or contributed to by his negligence, but resulted from the negligence of the employes of the plaintiff in error.
2. **Personal Injuries: DAMAGES.** The law, for a temporary injury, awards damages to the party injured through the negligence of another, not as a punishment of the negligent party, but as compensation for the pecuniary loss sustained and the pain and suffering endured by the injured party.
3. **Negligence: PERSONAL INJURIES: REVIEW.** It is only after the most careful deliberation that this court will reduce the amount awarded by a jury to a party who has been injured through the negligence of another; and not then if such award has for its support sufficient competent evidence.
4. ———: ———: ———: **REMITTITUR.** The amount awarded the defendant in error by the jury in this case *held* not supported by the evidence and a remittitur ordered.

ERROR from the district court of Holt county. Tried below before KINKAID, J.

John B. Hawley and *B. T. White*, for plaintiff in error.

H. E. Murphy and *M. F. Harrington*, *contra*.

RAGAN, C.

Sherry Leslie sued the Fremont, Elkhorn & Missouri Valley Railroad Company in the district court of Holt county for damages for an injury which he alleges he sustained through the negligence of the employes of that company. Leslie had a verdict and judgment, and the company brings the case here on error and alleges five reasons for the reversal of the judgment.

1. That the evidence does not support the jury's finding that the injury received by Leslie was the result of the negligence of the company's employes. The undisputed evidence is that on the 5th of December, 1887, Leslie and some eight other men were in the employ of the company and under the charge of a foreman named Howlett. This force of men was on that date engaged in constructing an ice-break to protect a bridge of the company across the Cheyenne river by driving piles in said stream; that in said work they used a pile-driver, some thirty feet high, and a hammer weighing some 2,600 pounds. To elevate this hammer a team of horses was hitched to the end of a rope and this passed over a wheel or pulley at the top of the pile-driver. The pile-driver was stayed by means of three guy-ropes. Early in the morning on the date above mentioned, while Leslie was on or near the top of this pile-driver oiling the aforesaid wheel or pulley, the pile-driver fell and Leslie was injured. The evidence on the part of Leslie tends to show that it was his duty to oil the wheel or pulley; that he was on the pile-driver at the time it fell for that purpose; that he was there in obedience to the orders of the foreman; that while engaged in oiling the wheel the other men, in obedience to the order of the foreman, began moving the pile-driver by means of "pinching it" with crow-bars; that only one man had charge of the guy-rope staying the pile-driver in the direction which the men were moving it; that it was necessary that said guy-rope should be in charge of two men when the pile-driver was being moved so as to take up the slack in such guy-rope; that the hammer was at the time near the top of said pile-driver; that he did not know that the men were about to move said pile-driver when he went upon it; that no warning was given him while on the pile-driver that it was about to be moved; that it was improper or unusual to move or attempt to move the pile-driver when the hammer was so near the top; that the failure to

have at least two men in charge of said guy-rope to take up the slack in the same and the having the hammer so near the top of the pile-driver caused the same to fall. This moving of the pile-driver by the men while he was on the same oiling the wheel and at the time the hammer was so near the top of said pile-driver and the failure to have more than one man in charge of the guy-rope constituted the grounds of negligence alleged against the company by Leslie in his petition. The evidence on the part of the company tends to show that at the time the pile-driver fell the hammer was resting on a "chalk" not more than twelve feet from the base of the pile-driver; that it was not unusual, improper, or dangerous to move said pile-driver with the hammer in that position; that one man was sufficient to take up the slack in the guy-rope when the pile driver was being moved; that Leslie was not ordered or directed to go upon the pile-driver at the time he did; that he had been cautioned not to go upon the pile-driver when it was to be moved or about to be moved; that he knew before going upon the pile-driver that it was about to be moved; that he was on the pile-driver when it was being moved and gave no notice to the men moving it of his position; that neither the foreman in charge of the men nor the men engaged in "pinching" the pile-driver knew of Leslie's presence thereon until it fell; and that the pile-driver was caused to fall by a sudden gust of wind. It will be seen from this statement that the evidence as to the cause of the fall of the pile-driver was sharply conflicting. Had the jury found for the company on this issue we certainly could not say that their finding was unsupported by the evidence. If the statements made by the witnesses for Leslie were true, we think the jury's conclusion, that the fall of the pile-driver and Leslie's injury was due to the negligence of the company's employes.

2. That the evidence shows that the injury sustained by Leslie was caused by his contributory negligence. All

that has been said in reference to the jury's finding in reference to the negligence of the company is equally applicable to the contention that Leslie was injured through his contributory negligence. We cannot say that Leslie knew before going upon the pile-driver that the men were about to move it and continued so doing for a considerable time before it fell without his warning the men of his presence; nor that he was not ordered to go upon the pile-driver at the time he did. These were all questions submitted to the jury upon conflicting testimony and under proper instructions by the trial court.

3. The third argument is that the court erred in giving certain instructions to the jury. We cannot consider the error alleged as to the first instruction, for the reason that the company took no exception to the giving of the same. The third instruction objected to was in the following language: "The jury are instructed that to entitle plaintiff to recover, the burden of proof rests upon him to show by a preponderance of all the evidence that his falling from the pile-driver in question and any injury and damage thereby suffered by him was the direct and proximate result of the negligence of the defendant railroad company by some negligent act of omission or some negligent act of commission permitted or directed by its foreman or managing officer there on the ground, J. N. Howlett; and in addition thereto that the plaintiff was not guilty of negligence on his own part which contributed to such fall, and without which negligence such fall, injuries, and damages would not have occurred." The objection to this instruction is in effect that by it the jury were told that the company might be charged with any negligent act of its foreman which was the proximate cause of the pile-driver's falling and Leslie's injury, whether such negligent act was pleaded by Leslie in his petition or not. This objection is not tenable. No evidence was offered on the trial of the case tending to show that Leslie's alleged injury was caused by any

negligent act or omission of the company's other than those stated in his petition; and the trial court in giving this instruction had in mind no act or omission of the company's claimed to be negligent and claimed to have caused Leslie's injury except the ones pleaded by him; nor could the jury have acted like reasonable men and have understood that they could charge the company with any negligence which was neither pleaded nor proved on the trial.

4. The fourth argument relates to the refusal of the trial court to give to the jury the following instructions:

(a.) "You are instructed that the burden of proof is upon the plaintiff to prove every material allegation contained in his petition, and this he must do by a preponderance of all the evidence." There was no error in refusing to give this instruction as the court had already given the substance of it in the third paragraph of its charge.

(b.) "You are instructed that the defendant is only bound to use ordinary care to prevent an injury to the plaintiff while in its employ, but plaintiff, when he entered defendant's employment, is deemed to have accepted all the ordinary hazards and dangers incident to the business in which he was engaged not occasioned by defendant's negligence, and in this case the injury complained of was one of the ordinary risks connected with the business in which the plaintiff was engaged and for which he cannot recover, unless you find from a preponderance of the evidence that the same was caused by the defendant's negligence and that plaintiff in no way contributed thereto." There was no error in refusing to give this instruction. The court had already in the third paragraph of his instructions to the jury in substance told the jury that the plaintiff could not recover unless he established by a preponderance of the evidence that his injury was caused by the defendant's negligence and without any contributory negligence on his part; and in the twenty-third instruction given by the court at the request of the company the jury were told that

Fremont, E. & M. V. R. Co. v. Leslie.

the company was not an insurer against accidents happening to employes in its service, nor liable for any negligence on the part of defendant's co-employes who were working with him about said pile-driver.

(c.) "You are instructed that even though you may find that defendant was guilty of negligence as alleged in plaintiff's petition, still if you further find that plaintiff went upon said pile-driver knowing the same was about to be moved, or went upon the same while it was being moved, and continued thereon during its movement and had sufficient time prior to the fall of the pile-driver to have escaped from his position, but failed so to do, and sustained injuries in consequence by being thrown to the ground by said machine while it was falling, then the plaintiff cannot recover." The court did not err in refusing to give this instruction. At the request of the company the court told the jury that Leslie was bound to exercise ordinary care for his personal safety while performing his duties, upon, around, or about said pile-driver, and that if they believed from the evidence that Leslie was guilty of slight negligence which contributed directly to his injury they should find for the company. In the eighteenth instruction given at the request of the company the court told the jury that if they found that the company was guilty of negligence in the management of the pile-driver while moving the same, and that Leslie was also guilty of negligence which contributed to his injury and which by the exercise of ordinary care he might have avoided, then he could not recover.

5. The fifth argument is that the damages are excessive. The verdict in this case was for \$5,000. The trial judge compelled Leslie to remit \$2,350 of the verdict rendered or submit to have it set aside. The remittitur was entered and judgment rendered for \$2,650. It is now somewhat strenuously argued that even this amount is greater than is warranted by the evidence. The testimony on the part

Fremont, E. & M. V. R. Co. v. Leslie.

of Leslie tends to show that at the time the pile-driver fell his shoulder was dislocated and his ankles sprained or bruised; that from that time until the time of the trial he had been able to do only light work; that prior to the accident he was sound and robust and able to do heavy work; that he suffered constantly from pains in his back and sides and was able to use only one of his arms freely. The testimony on behalf of the company tends to show that he was laid up for about ten days as the result of the injury received; that he continued in the employ of the company from the first of January, 1888, until September of that year, working with the same force of men and in performing the same kind of labor that he had been engaged prior to the time of the accident; that in the spring of 1889 he went to the Black Hills and worked for about nine months of that year in saw-mills, performing heavy labor; that early in the year 1890 he "took up a claim" in Boyd county and that he told the citizens of that county that he could not work because of the pendency of this suit, and that if he labored that fact would injure his chances of success; that while he was in Boyd county he became involved in an altercation and kicked in the upper panel of a door several feet from the ground; and that a part of that year he operated a ferry-boat on the Niobrara river which required the exercise of considerable strength. We think this judgment is too large. The law gives damages to a party injured through the negligence of another, not as punishment of the negligent act, but as compensation for the pecuniary loss sustained and the pain and suffering endured by the injured party. There is no evidence in this record that Leslie was permanently injured. The evidence does not show that by reason of the fall and injury on the 5th day of December, 1887, Leslie has lost any considerable time; nor does the record show that he has undergone any severe suffering or pain. If Leslie, by reason of his injury, has been put to any expense for medi-

Fremont, E. & M. V. R. Co. v. Leslie.

cal services or nurses, the record does not show it. The evidence in the record does support the jury's finding that Leslie was injured; that he was injured through the negligence of the employes of the company; and that his injury was not the result of his own contributory negligence. At the time of his injury he was a young man about twenty-six years of age and earning about \$50 a month, and the evidence, to give it the most liberal construction in Leslie's favor, does not disclose that his ability to labor and to earn money is materially different from what it was before the date of the accident. The evidence does not disclose that from the time of the accident until the date of this trial, a period of about three years, that he was idle more than one-third of the time from all causes, and as a result of the injury sustained not more than a few months.

It is always with reluctance and after the most careful examination that this court will reduce the amount awarded by a jury to a party who has been injured through the negligence of another, and not then if the award made by the jury has for its support any competent evidence; but in the case at bar we cannot escape the conviction that a very large part of this award has for its support no evidence whatever. The defendant in error will have permission to file in this court, within twenty days from this date, a remittitur from the judgment rendered as of that date of \$1,450, and in case of his doing so the judgment of the district court for \$1,200, as of the date of its rendition, will be affirmed; otherwise the judgment of the district court will be reversed and the cause remanded.

JUDGMENT ACCORDINGLY.

ITHAMER C. STEPHENS V. OMAHA & REPUBLICAN VALLEY RAILWAY COMPANY.

FILED JUNE 6, 1894. No. 5374.

1. **Negligence: RAILROADS: EVIDENCE.** Railroads cannot be operated without noise; and if teams are frightened by the usual noise arising from a prudent and proper management of a train or engine, the railroad company is not liable for an injury resulting from said noise; and whether the noise complained of resulted from a prudent operation of the railroad or its appliances is a question to be determined from the circumstances and other evidence in the case. That the noise complained of was unnecessarily made is not of itself evidence that its making was negligence. To be evidence of negligence the noise must have been made under such circumstances and surroundings as to time, place, and situation of the parties as to show neglect to exercise that degree of care which a reasonable man would have exercised under the circumstances. *Omaha & R. V. R. Co. v. Brady*, 39 Neb., 27, followed and reaffirmed.
2. ———: ———: ———. The evidence in this case examined, and held to support the finding of the jury that the proximate cause of the injury to plaintiff was his own negligence and not the negligence of the agents of the defendant in error.

ERROR from the district court of Saunders county. Tried below before BATES, J.

Clark & Allen and *Simpson & Sornborger*, for plaintiff in error.

J. M. Thurston, W. R. Kelly, and *E. P. Smith*, contra.

RAGAN, C.

Ithamer C. Stephens sued the Omaha & Republican Valley Railway Company in the district court of Saunders county for damages for an injury which he alleged he sustained through the negligence of the agents of said

company. The railway company had a verdict and judgment, and Stephens brings the case here on error.

The material facts in the case, summarized, are as follows: The main track of the railway company passes east and west through the village of Valparaiso and crosses at right angles and at grade Cedar street, running north and south in said village. Near the track of said railway company, and about four hundred feet west of the point where it crosses Cedar street, the company has a coal chute elevated above the surface of the ground some twenty feet. From this coal chute, at a sharp incline, a track descends, parallel with the main track and close to it until near Cedar street, which it then crosses on a level with the main track. This incline track is used for the purpose of pushing cars loaded with coal into said chute, where the coal is dumped and the empty cars, in charge of a brakeman, are run down the incline track and stored on switches. In the year 1890 Stephens was a resident of the village of Valparaiso and had been for some years. He was engaged in said village and surrounding country in the practice of medicine and surgery. He was well acquainted with the crossing or intersection of Cedar street and the railroad company's tracks. He had frequently passed over said crossing. He was well acquainted with the incline track from the crossing to the coal chute and the manner in which and the purposes for which such incline track was used. A person driving north on Cedar street, and approaching the said crossing from the south, would have an unobstructed view of said coal chute and incline track for a distance of at least three hundred feet before reaching the crossing. On the 7th of May, 1890, the same being a clear, bright day, Dr. Stephens was driving north on Cedar street towards said crossing. He was riding in a two-wheeled cart drawn by one horse. As he approached the crossing he did not look or listen for cars or engines on the railroad tracks or

the incline track until within some sixteen feet of the crossing. He then looked west toward the coal chute and saw an empty car, with a brakeman on it, descending the incline track. His horse was not frightened. He had ample time to stop until the car passed over the street in front of him. He could easily have turned his horse and cart around and driven back south. At the time he first observed the car descending the incline track it was some three hundred and fifty feet from the crossing, and the doctor thought he had ample time to drive across the tracks before the car should reach the street. He whipped up his horse and crossed the tracks safely. After he had passed over the tracks the car came down across the street behind him and his horse took fright at the noise made by the car, ran away, and the doctor was thrown out and injured. The brakeman on the descending car saw the doctor and knew him at the time he whipped up his horse to drive across the tracks. The brakeman observed that the horse was not frightened. He saw that the doctor could and had passed over the track safely on which the car was descending and he made no effort to stop the car or slacken its speed.

1. The first error assigned here is that the court erred in giving the fourth, fifth, sixth, seventh, and eighth paragraphs, and each of them, of instructions given by the court to the jury on its own motion. These instructions are too long to be quoted in this opinion and it would subserve no useful purpose to copy them, or any of them, and it must suffice to say that the instructions complained of stated the law correctly and there was no error in giving them, or either of them.

2. The second error assigned is that the court erred in giving paragraph No. 7 of instructions given by the court at the request of the railroad company. That instruction is as follows: "The jury are instructed that every intelligent man is supposed to know that a railway crossing is a

dangerous place, and in approaching the same he must exercise corresponding caution in crossing it. A traveler should always approach a railroad crossing under the impression that a car or train is liable to come at any moment, and while he may presume that those in charge of it will use ordinary precautions to avoid injury, yet the law requires him to obey the instincts of self-preservation and not carelessly or without precaution thrust himself into a situation of danger which, notwithstanding any failure of the railroad company, he should have avoided by carefully using his senses. He should not only look but is required to listen for the noise of any approaching train or any signal which might be given to avoid it; and if he omits this, goes upon the crossing and is injured, he cannot recover." This instruction should not have been given. It is true that a party should not go upon a railway crossing without looking, if he have eyes, nor without listening, if he is not deaf; but if he does go upon the crossing without either looking or listening, it is for the jury to say whether by so doing he was guilty of negligence, all the facts and circumstances in the case and the time and place considered. There is omitted from this instruction a very material ingredient, viz., whether the failure of the doctor to look and listen before going upon the track was the proximate cause of his injury; or notwithstanding his failure to look and listen the negligent conduct of the railway company was the proximate cause of his injury. By the seventh paragraph of the instructions given the jury by the court at the request of the doctor the jury were told: "That if the plaintiff was himself guilty of negligence which contributed to the injury and without which the accident would not have happened, still the defendant would be liable in this case, provided the jury believed from the evidence that the servants of the defendant saw, or could have seen with ordinary diligence, the danger to which plaintiff was exposed in time to have avoided it and by the exercise of ordinary care and

prudence could have prevented the injury." This charge of the court, given at the request of the doctor, cured the error in the instruction No. 7 complained of given at the request of the railway company. We think further, that the instruction complained of, though erroneous, was not prejudicial to Dr. Stephens. The instruction said that the doctor was required to look and to listen for the noise of an approaching train or car before he went upon this crossing, and that if he had failed to do so and was injured, he could not recover. The undisputed evidence at the trial was that the doctor did look and listen before going upon the crossing, and not only that but he saw and heard the descending car. The jury, then, could not have based their finding in this case against the doctor on his failure to look and listen before he went upon the track.

3. The third error assigned is the giving by the court to the jury at the request of the railway company instruction No. 8, as follows: "The jury are instructed that the defendant's agent in charge of the car was not expected to know that the plaintiff's horse, if such was the case, was fractious or easily frightened at the sight or moving of railroad cars; but had the right to assume that, like most horses, it had become accustomed to the sight and motion of cars and that the plaintiff was aware of that fact and so was driving it in the vicinity of the crossing and car. If the plaintiff knew or suspected his horse to be liable to be frightened and then attempted to drive his horse close to the defendant's car or over the tracks, he did so at his own risk and took the chance of his getting across the track and at such a distance beyond that his horse would not be frightened, and if he failed in this, it would be his own fault and he could not recover." The criticism on this instruction is that by it the court told the jury that the brakeman on the car had a right to assume that the doctor's horse, like most horses, had become accustomed to the sight and motion of the cars. The instruction is not very hap-

Stephens v. Omaha & R. V. R. Co.

pily framed, but when read in the light of the evidence in the case it was not erroneous. As already stated, the evidence showed that the doctor, before he went on the crossing, saw the brakeman and the descending car. His horse at this time evinced no evidence of being frightened. The brakeman knew the doctor and saw him before he went upon the crossing and observed that his horse was not frightened. It was with this evidence in his mind that the court gave the instruction complained of to the jury; and correctly told the jury that the brakeman on the car, seeing the doctor so near the crossing, and seeing him about to drive over when he had ample time to turn and go back, and seeing that his horse was not frightened, had a right to assume that the horse was not afraid of the noise of the car.

4. The remaining errors will be considered under the assignment that the verdict of the jury is not sustained by sufficient evidence. This verdict of the jury may be based upon their finding, either that the injury sustained by Dr. Stephens was not caused by the negligence of the railway company, or that the doctor's injury was caused by his own negligence; and if the jury's verdict is based on either of these conclusions, it is correct. It is not disputed but that the doctor was injured. He was injured because his horse became frightened and ran away, and his horse was frightened at the noise of a descending car. But while it may be said that there is some evidence in the record which tends to show that the noise which frightened the doctor's horse was unnecessarily made, we think the jury was entirely right in finding, if they did so find, that the noise which frightened the doctor's horse was not negligently made by the railway company. "Railroads cannot be operated without noise, and if teams are frightened by the usual noise arising from a prudent and proper management of a train or engine, the railroad company is not liable for an injury resulting from such noise; and whether the noise complained of resulted from a pru-

Stephens v. Omaha & R. V. R. Co.

dent operation of the railroad or its appliances is a question to be determined from the circumstances and other evidence in the case. That the noise complained of was unnecessarily made is not of itself evidence that its making was negligence. To be evidence of negligence the noise must have been made under such circumstances and surroundings as to time, place, and the situation of the parties as to show a neglect to exercise that degree of care which a reasonable man would have exercised under the circumstances." (*Omaha & R. V. R. Co. v. Brady*, 39 Neb., 27.) In the case at bar, the brakeman, when he first saw the doctor and observed that he intended to cross the tracks, was 325 feet from him. He observed that his horse was not frightened. Now, at this time, the brakeman could have applied the brakes to his car and stopped it and kept it at that distance from the street until the doctor had passed so far beyond the crossing that there would be no reasonable probability that his horse would be frightened by the noise of the car descending behind him. Had the brakeman exercised this extraordinary care, doubtless the doctor would not have been injured. But it was for the jury to say from all the facts and circumstances in the case whether the brakeman, by not setting his brake and not stopping the car when he first observed the doctor, and keeping the car stationary until the doctor had gotten a considerable distance beyond the crossing, and whether the brakeman, in allowing the car to run down the incline track at the speed and making the noise it did, failed to exercise ordinary care; that is, whether the acts and omissions of the brakeman rendered him guilty of negligence. The jury by its verdict has said that the acts and omissions of the brakeman were not negligent ones under the circumstances, and the evidence justifies their conclusion. But it is suggested in argument here by counsel for Dr. Stephens that the evidence is undisputed that the brakeman on the descending car saw the doctor; saw that he was intending to cross and pass over

Stephens v. Omaha & R. V. R. Co.

the crossing, in ample time to have brought his car to a standstill until the doctor should be so far away from the crossing that there would be no probability of his horse becoming frightened at the noise of the car, and that, therefore, the court should say, as a matter of law, that the conduct of the brakeman under the circumstances was negligence. We do not think that it is for the court to say as a matter of law what conclusion should be drawn from this evidence.

We agree with Mr. Justice Hunt in *Sioux City & P. R. Co. v. Stout*, 17 Wall. [U. S.], 657, where he uses this language: "Certain facts we may suppose to be clearly established from which one sensible, impartial man would infer that proper care had not been used and that negligence existed; another man, equally sensible and equally impartial, would infer that proper care had been used and that there was no negligence. It is this class of cases and those akin to it that the law commits to the decision of a jury. Twelve men of the average of the community, comprising men of education and men of little education, men of learning and men whose learning consists only in what they have themselves seen and heard,—the merchant, the mechanic, the farmer, the laborer,—these sit together, consult, and apply their separate experience of the affairs of life to the facts proven, and draw a unanimous conclusion. This average judgment, thus given, it is the great effort of the law to obtain. It is assumed that twelve men know more of the common affairs of life than does one man; that they can draw wiser and safer conclusions from admitted facts thus occurring than can a single judge." The judgment of the district court is

AFFIRMED.

GLOBE PUBLISHING COMPANY ET AL. V. STATE BANK
OF NEBRASKA AT CRETE ET AL.

FILED JUNE 6, 1894. No. 5538.

1. **Abatement: REPEAL OF STATUTES.** A suit pending to enforce a right or remedy conferred solely by statute is abated by the unconditional repeal of such statute before judgment rendered in such suit. *Bennet v. Hargus*, 1 Neb., 419, followed and re-affirmed.
2. **A penal statute** is an act by which a forfeiture is imposed for transgressing the provisions of the act. It may also be remedial in one part and penal in another. The effect and not the form of the statute is to be considered, and if its object is clearly to inflict a punishment on a party for doing what is prohibited or failing to do what is commanded to be done, it is penal in its character. *Diversey v. Smith*, 103 Ill., 378, followed.
3. **Corporations: LIABILITY OF STOCKHOLDERS: STATUTES.** When a law prescribes what the liability of a stockholder in a corporation to the creditors thereof shall be, as that the shareholder shall be liable for double the amount of his stock, or for a sum equal to the amount of his stock, or for the amount remaining unpaid on his stock subscription, such law is one prescribing the liability of a stockholder in a corporation *de jure*, as, without an express statute, a stockholder in such a corporation would not be liable for any debt of the corporation whatever.
4. ———: ———: ———. When such a statute so prescribes and fixes the amount for which a stockholder in a corporation shall be liable, it is intended to be a limitation upon the stockholder's exemption from liability for the debts of the corporation which but for the law he would enjoy.
5. ———: ———: ———. When such a statute is in force and persons organize themselves into a *de jure* corporation, such statute is incorporated into and becomes a part of the charter of such corporation, and the stockholders thereof impliedly assent and agree that their liability for the debts of the corporation shall be as fixed by such law.
6. ———: ———: ———. Such a statute and the rights of creditors acquired thereunder are contractual in their nature.
7. ———: ———: ———. Where a statute provides that until cer-

41	175
145	189
145	388
41	175
47	938
41	175
49	357
50	742
53	673
54	382
54	595
54	706
55	97
55	552

tain things are done by persons forming a corporation, such as the filing of its articles of incorporation in the office of a public officer, the stockholders of such corporation shall be liable for the debts thereof, such a statute is declaratory of the common law.

8. ———: ———: ———. Until the requirements of such a statute have been complied with, a *de jure* corporation does not exist, and the stockholders thereof are jointly and severally liable for the debts contracted by such voluntary unincorporated association of persons; and such a statute and the rights of creditors acquired thereunder are contractual in their nature.
9. ———: ———: ———. Where a law commands corporations to do certain acts, as to publish annually a notice of their indebtedness, such a law is addressed to the stockholders of the corporations *de jure*; and when such statute declares that all the stockholders thereof shall be liable for the debts of the corporation in case it fails to comply with the requirements of the statute, then the law is designed as a punishment of the stockholders for a violation of the law and is penal.
10. ———: ———: ———. *Abbott v. Omaha Smelting & Refining Co.*, 4 Neb., 416, and *White v. Blum*, 4 Neb., 555, reaffirmed. *Howell v. Roberts*, 29 Neb., 483, and *Coy v. Jones*, 30 Neb., 798, overruled.
11. ———: ———. Where persons attempt in good faith to incorporate themselves into a valid corporation, and such a corporation actually enters upon the discharge of corporate functions and so continues for a considerable time unchallenged by the state, persons who contract with such a corporation cannot hold the stockholders thereof liable on such contract because it transpires that by some mistake or oversight the corporation had never become a technical *de jure* corporation.
12. **Statutes.** Section 136 of chapter 11, General Statutes, 1873, repealed by an act approved April 6, 1891, was penal.
13. **Corporations: CONSTITUTIONAL LAW.** The word "ascertained," in section 4, article 11, of the constitution, means "judicially ascertained;" and to "judicially ascertain" the amount due from a corporation to a creditor thereof means to have the finding and judgment or decree of a court as to such amount.
14. ———: **LIABILITY OF STOCKHOLDERS TO CREDITORS.** The creditors of a *de jure* corporation have no right of action against the stockholders thereof until they have reduced their claims against the corporation to judgment, and until execution issued upon such judgment has been returned, wholly or in part, unsatisfied.

15. ———: ———. Such a creditor's cause of action does not accrue until the return unsatisfied in whole or in part of an execution issued on a judgment rendered in his favor against the corporation for the corporate debt.

ERROR from the district court of Saline county. Tried below before HASTINGS, J.

The facts are stated in the opinion.

Robert Ryan, for plaintiffs in error, contending that the provisions of the statute upon which the action is founded are penal and that the repeal of the statute abates the action, cited: Compiled Statutes, 1889, sec. 136, ch. 16; Session Laws, 1891, ch. 13; *Bennet v. Hargus*, 1 Neb., 419; *Buller v. Palmer*, 1 Hill [N. Y.], 325; *People v. Livingston*, 6 Wend. [N. Y.], 526; *Dash v. Van Kleeck*, 7 Johns. [N. Y.], 477; *Macnawhoc Plantation v. Thompson*, 36 Me., 365; *Johnson v. Hahn*, 4 Neb., 146; *Key v. Goodwin*, 4 M. & P. [Eng.], 341; *Williams v. County Commissioners*, 35 Me., 348; *Underwood v. McDuffee*, 15 Mich., 367; *Sturtess v. Ellison*, 4 M. & S. [Eng.], 586; *Yeaton v. United States*, 5 Cranch [U. S.], 281; *Rachel v. United States*, 6 Cranch [U. S.], 329; *United States v. Passmore*, 4 Dal. [U. S.], 372; *Commonwealth v. Kimball*, 21 Pick. [Mass.], 375; *Stoeber v. Immell*, 1 Watts [Pa.], 558; *Wiles v. Suydam*, 64 N. Y., 173; *Flash v. Conn*, 109 U. S., 371; *Chase v. Curtis*, 113 U. S., 458; *Steam Engine Co. v. Hubbard*, 101 U. S., 188; *Halsey v. McLean*, 12 Allen [Mass.], 438; *Derrickson v. Smith*, 3 Dutch. [N. J.], 166; *Sturges v. Burton*, 8 O. St., 215; *First Nat. Bank of Plymouth, Pennsylvania, v. Price*, 33 Md., 487; *Irvine v. McKeon*, 23 Cal., 472; *Bird v. Hayden*, 1 Robt. [N. Y.], 383; *Moies v. Sprague*, 9 R. I., 541; *Veeder v. Baker*, 83 N. Y., 156; *Gadsden v. Woodward*, 103 N. Y., 242; *Cady v. Smith*, 12 Neb., 630; *Hanson v. Donkersley*, 37 Mich., 184.

The amount of the claim justly due from the Globe Publishing Company should have been ascertained by a judgment and the corporate property exhausted before proceedings were instituted against the stockholders. (Constitution, sec. 4, art. 11; *State v. Boyd*, 31 Neb., 734; *Weil v. Lankins*, 3 Neb., 384; *Wineland v. Cochran*, 9 Neb., 480; *Crowell v. Horacek*, 12 Neb., 622; *Brooks v. Stone*, 19 How. Pr. [N. Y.], 395; *Baines v. Babcock*, 27 Pac. Rep. [Cal.], 674; *Baines v. Story*, 27 Pac. Rep. [Cal.], 676; *Potter v. Dear*, 27 Pac. Rep. [Cal.], 676; *Cambridge Water-Works v. Somerville Dying & Bleaching Co.*, 4 Allen [Mass.], 243; *Holyoke Bank v. Goodman Paper Mfg. Co.*, 9 Cush. [Mass.], 576.)

James W. Dawes and *Abbott & Abbott*, also for plaintiffs in error.

Chas. Offutt and *Charles S. Lobingier*, contra:

Section 136 of chapter 16, Compiled Statutes of 1889, was not remedial. (Sutherland, Statutory Construction [ed. 1891], sec. 207.)

Section 136 did not provide for the recovery of a penalty. (Anderson's Dictionary of Law; Sutherland, Statutory Construction, sec. 208; *Howell v. Roberts*, 29 Neb., 483; *Coy v. Jones*, 30 Neb., 798.)

Section 136 is a part of the charter of the Globe Publishing Company. (*Abbott v. Omaha Smelting Co.*, 4 Neb., 416; *Smith v. Steele*, 8 Neb., 115; 1 Morawetz, Private Corporations [2d ed.], sec. 318; *Dartmouth College v. Woodward*, 4 Wheat. [U. S.], 518.)

Section 136 is a part of the contract by virtue of which persons were permitted to do business as a corporation; compliance therewith was the condition on which the shareholders escape personal liability. (*Doolittle v. Marsh*, 11 Neb., 244.)

The repealing act could not affect the rights of creditors

which had attached before the repeal. The state and federal constitutions forbid the enactment of any law "impairing the obligation of contracts." (*Howell v. Roberts*, 29 Neb., 483; *Coy v. Jones*, 30 Neb., 798; *Porter v. Sherman County Banking Co.*, 36 Neb., 271; *State v. Cathers*, 25 Neb., 250; 2 Morawetz, Corporations, sec. 872; Cook, Stock & Stockholders [2d ed.], 515; *Hawthorne v. Calef*, 2 Wall. [U. S.], 10; *McDonnell v. Alabama Gold Life Ins. Co.*, 85 Ala., 401; *Corning v. McCullough*, 49 Am. Dec. [N. Y.], 308; *Hodgson v. Cheever*, 8 Mo. App., 321; *Lowry v. Inman*, 46 N. Y., 119; *Central Agricultural & Mechanical Association v. Alabama Gold Life Ins. Co.*, 70 Ala., 120; *Edwards v. Williamson*, 70 Ala., 145; *Aultman's Appeal*, 98 Pa. St., 505.)

The citations relied on by the plaintiffs in error are not in point, because they all construe penal statutes, and counsel does not distinguish between a liability imposed upon officers or trustees, and upon the entire body of the shareholders. This distinction should be made. (*Thompson v. Reno Savings Bank*, 3 Am. St. Rep. [Nev.], 846, note; *Flash v. Conn*, 109 U. S., 371; *Chase v. Curtis*, 113 U. S., 452.)

Since the corporation was insolvent, the action was properly brought against it and the stockholders simultaneously. (*Smith v. Steele*, 8 Neb., 115; *Howell v. Roberts*, 29 Neb., 483; *Abbott v. Omaha Smelting Co.*, 4 Neb., 416; *White v. Blum*, 4 Neb., 555; Cook, Stockholders [2d ed.], 219; *Morgan v. Lewis*, 17 N. E. Rep. [O.], 558; *Sleeper v. Goodwin*, 67 Wis., 585; *Richards v. Beach*, 5 N. Y. Sup., 574; *Walton v. Coe*, 110 N. Y., 109; *Shellington v. Howland*, 53 N. Y., 371; *Kincaid v. Dwinelle*, 59 N. Y., 548; *Flash v. Conn*, 109 U. S., 371; *Munger v. Jacobson*, 99 Ill., 349; *Toucey v. Bowen*, 1 Biss. [U. S.], 81; *Marion Township Union Draining Co. v. Norris*, 37 Ind., 424; *Shafer v. Moriarty*, 46 Ind., 9.)

RAGAN, C.

The State Bank of Nebraska at Crete, Nebraska, sued the Globe Publishing Company and the stockholders thereof in the district court of Saline county to recover the amount of a promissory note owing by said Globe Publishing Company to the said State Bank. Both the bank and the Globe Publishing Company were domestic corporations, having their principal places of business in said Saline county. The bank had judgment, and the Globe Publishing Company and all stockholders, except two, bring the case here for review.

The liability of the stockholders of the publishing company for the debt due from it to the bank was based on the failure of the publishing company to publish an annual notice of its existing debts, as provided by section 136, chapter 11, General Statutes, 1873, in force at the time the debt sued for here was contracted. That section is as follows: "Every corporation hereafter created shall give notice annually in some newspaper printed in the county or counties in which the business is transacted, and in case there is no newspaper printed therein, then in the nearest paper in the state, of the amount of all the existing debts of the corporation, which notice shall be signed by the president and a majority of the directors; and, if any corporation shall fail to do so, all the stockholders of the corporation shall be jointly and severally liable for all debts of the corporation then existing, and for all that shall be contracted before such notice is given." After this suit was brought, but before judgment was rendered therein, the legislature repealed this section 136 without a saving clause. The argument of counsel for plaintiffs in error now is that the repeal of said section abated this action. Whether this is true depends upon the nature of the statute repealed. If it was a statute contractual in its nature; if the right of action acquired by the bank against the stock-

holders of the publishing company by virtue of said statute, and the corporation's violation thereof, was a vested right, then the repeal of the statute could not and did not take it away; but if the statute repealed was penal in its nature, then its repeal abated the action.

1. A suit pending to enforce a right or remedy conferred solely by statute is abated by the unconditional repeal of such statute, before judgment rendered in such suit. (*Bennet v. Hargus*, 1 Neb., 419; *Knox v. Baldwin*, 80 N. Y., 610; *Victory Webb Printing & Folding Machine Mfg. Co. v. Beecher*, 97 N. Y., 651; *Gregory v. German Bank of Denver*, 3 Col., 332; *Breitung v. Lindauer*, 37 Mich., 217; *Yeaton v. United States*, 5 Cranch [U. S.], 281; *Norris v. Crocker*, 13 How. [U. S.], 429.)

2. Was this a penal statute? This question must be answered by the authorities. In 1848 the legislature of New York enacted a statute governing manufacturing corporations (ch. 40). Section 12 of that act was as follows: "Every such company shall annually, within twenty days from the first day of January, make a report, which shall be published in some newspaper published in the town, city, or village, or if there be no newspaper published in said town, city, or village, then in some newspaper published nearest the place where the business of said company is carried on, which shall state the amount of capital and of the portion actually paid in and the amount of its existing debts, which report shall be signed by the president and a majority of the trustees and shall be verified by the oath of the president or secretary of said company and filed in the office of the clerk of the county where the business of the company shall be carried on; and if any of said company shall fail so to do, all the trustees of the company shall be jointly and severally liable for all the debts of the company then existing and for all that shall be contracted before such report shall be made." A New York corporation organized under this law failed

to give the annual notice of its indebtedness as provided by said section 12, and during such default became indebted to a bank. The bank then sued the trustees of the corporation for the amount of the debt. The court of appeals of New York in *Merchants Bank of New Haven v. Bliss*, 35 N. Y., 412, discussing said section 12 and another section, said: "The liability (of the trustees under said section 12), it must be observed, is not limited to the injury or damage sustained by the creditors in consequence of the violation, but upon failure to file the report, * * * the trustees are subjected to the payment of the whole amount of the debts of the company then existing and for all that shall be contracted. * * * These provisions appear to be severally punitive, inflicted on grounds of public policy for the protection of creditors and the prevention of frauds upon the public in respect to the financial condition of such corporations. It is clear that the liability of the trustees is not imposed as an indemnity, because it has no relation to the actual loss or injury sustained by the party in whose favor the action is given. The action depends wholly upon the statute. There never was any such remedy or cause of action in whole or in part at common law. If any action could have been maintained at common law for either of the causes mentioned in sections 12 and 13 of the general act in relation to manufacturing corporations, it could extend only to the actual damages or injury sustained. But those elements have nothing to do with the actions given by these sections, nor, indeed, is it necessary that the creditor should have sustained any injury or damage by reason of a violation of those sections. It is sufficient that the party prosecuting the action should be a creditor when the violation of the law takes place. The right of action is given to the creditors and they must be held to be the parties aggrieved. For these reasons I am satisfied that the sections 12 and 13 impose a penalty," etc. The question of the nature of this section 12 arose

again and was discussed and decided by the court of appeals of New York in *Miller v. White*, 50 N. Y., 137, and the court said: "It will be perceived that this is a highly penal act, extremely rigorous in its provisions." In *Wiles v. Suydam*, 64 N. Y., 173, the statute was again before the New York court of appeals. In that case the Imperishable Stone Block Pavement Company, a domestic corporation, became indebted to Wiles and others. Suydam was a stockholder in the corporation and indebted to it on his stock subscriptions. He was also a trustee of the corporation. The suit was brought by Wiles and others against Suydam to recover the amount of the debt owing them by the pavement company; and Wiles set out in his petition against Suydam two causes of action, viz., his indebtedness on his stock subscription to the Stone Pavement Company, and the failure of that corporation to publish annually the statement of its existing debts. The court held that the indebtedness of Suydam on his unpaid subscription constituted one cause of action against Suydam, and in discussing the other right of action of Wiles against Suydam originating by the failure of the corporation to publish its annual statement said: "The allegations against the defendant as trustee also constitute a distinct and perfect cause of action. * * * Here the liability is created by statute, and is in the nature of a penalty imposed for neglect of duty in not filing a report showing the situation of the company." The nature of this section 12 has been before the New York court of appeals and the construction placed upon said section in the leading case, *Merchants Bank of New Haven v. Bliss*, 35 N. Y., 412, and reaffirmed in the following cases: *Easterly v. Barber*, 65 N. Y., 252; *Knox v. Baldwin*, 80 N. Y., 610; *Veeder v. Baker*, 83 N. Y., 156; *Pier v. Nanmore*, 86 N. Y., 95; *Stokes v. Stickney*, 96 N. Y., 323; *Victory Webb Printing & Folding Machine Mfg. Co. v. Beecher*, 97 N. Y., 651. And in *Gadsden v. Woodward*, 103 N. Y., 242, the nature of said section

12 was again before the New York court of appeals, and the court said: "This action is brought against the defendant to recover a debt due by a manufacturing corporation of which he was a trustee, and he is sought to be made liable therefor on the ground that he failed to make the annual report required by the general manufacturing law. The action is not to recover a debt which he owes, but to impose upon him, as a penalty for his default, the payment of the debt of the corporation. We have repeatedly held that such an action is an action for a penalty or forfeiture.

* * * The liability sought to be enforced against the defendant does not arise out of any contract obligation, but is imposed by the statute as a penalty for disobedience of its requirement." This section 12 of the New York law was construed by the supreme court of the United States in *Chase v. Curtis*, 113 U. S., 452, the court saying of said section 12: "But, as we have already seen, the statute involved in this discussion is not a remedial statute to be broadly and liberally construed, but is a penal statute, with provisions of a highly rigorous nature, to be construed most favorably for those sought to be charged under it, and with strictness against their alleged liability."

Section 15 of chapter 18 of the Revised Statutes of 1868 of the state of Colorado is a copy of section 12 of the New York act. The nature of this section 15 of the Colorado act was before the supreme court of that state in *Gregory v. German Bank of Denver*, 3 Col., 332, and of that statute that court said: "This statute is in its nature penal. It prescribes a determinate penalty for neglect of a duty imposed by law upon the trustees of companies organized under our general incorporation act. The amount of the forfeiture is measured by the aggregate debt contracted by the company. The liability is not founded upon contract, but arises from misconduct in office." This case was reaffirmed by the supreme court of Colorado in *Larsen v. James*, 29 Pac. Rep. [Col.], 183. A statute of Michigan required annual reports of cer-

tain corporations to be filed, and provided that if the directors neglected to file such report they should be liable for all the debts of the corporation contracted during the period of such neglect. Construing that statute the supreme court of that state held that the liability imposed was in the nature of a penalty and conferred no contract obligation upon which creditors could rely.

A statute of Connecticut provided that in the case of every corporation, certificates showing their condition should be filed annually by the president and secretary with the town clerk, and that in case of neglect those officers should be liable for all the debts of the corporation contracted during the period of such neglect. The supreme court of that state, construing this statute in *Mitchell v. Hotchkiss*, 48 Conn., 9, said: "We do not see how it is possible to construe this statute as creating, or attempting to create, any contract relation or duty between the creditors of a corporation and its president. The adoption of such a construction would suggest grave doubts as to the validity of the act which should attempt so arbitrarily to make a debtor out of a stranger to the debt, or, in other words, to make the debt of one person the debt of another. There was no privity between Hotchkiss and the plaintiffs. They had no transaction with each other, and the former owed the latter no private duty from which a promise might be implied." This Connecticut statute came before the supreme court of the United States, and its nature was construed by that court in *Steam Engine Co. v. Hubbard*, 101 U. S., 188, and that court held that the Connecticut statute was penal and must be strictly construed.

The supreme court of Illinois in *Diversey v. Smith*, 103 Ill., 378, defines a penal statute thus: "A penal statute is an act by which a forfeiture is imposed for transgressing the provisions of the act. It may also be remedial in one part and penal in another. The effect and not the form of the statute is to be considered, and if its object is clearly

to inflict a punishment on a party for doing what is prohibited or failing to do what is commanded to be done, it is penal in its character."

Cook, Stock & Stockholders [2d ed.], sec. 223, in discussing the enforcement of the statutory liability of stockholders in the courts of a state other than the one in which said corporation was created, uses this language: "In general, when the courts of one state are asked to enforce the statutory liability of stockholders in a corporation created by another state, two things are to be considered: First—Is the statutory liability itself a contract liability or a mere penalty? * * * The law is clear that the courts of one state will not enforce penalties imposed by another state. But the usual statutory liability of stockholders is not a penalty. * * * The ordinary statutory liability of stockholders is a contract liability and will be enforced as such by the courts of all the states. A different rule prevails as to the statutory liability of corporate officers for failure to file reports or give certain notices or make certain contracts. Such liability is generally construed to be penal, and will not be enforced by the courts of other states."

The section of the Nebraska statute under consideration is almost a literal copy of the eighteenth section of the first article of the corporation act of the state of Missouri, approved March 19, 1845, the section of the Missouri law being in the following words: "Every corporation hereafter created shall give notice annually in some newspaper printed in the county where the corporation is established, and in case no paper is printed therein, then in the nearest paper, the amount of all the existing debts of the corporation, which notice shall be signed by the president and a majority of the directors; and if any of the said corporations shall fail so to do, all the stockholders of the corporation shall be jointly and severally liable for all the debts of the company then existing, and for all that shall

be contracted before such notice shall be given." A corporation of that state having failed to publish an annual notice of its existing debts, and during such default having become indebted, an action was brought against all the stockholders of the corporation for the debt so contracted, on the ground of the default in publishing the annual notice required by the section just quoted. The right of the creditor to maintain the action against the stockholders depended upon whether the statute was in its nature penal, and the supreme court of the state of Missouri in *Cable v. McCune*, 26 Mo., 371, decided that the statute in question was a penal one. The court said: "Our opinion in this case is based entirely upon the penal character of the statute we are called upon to construe. The corporation is required to publish an annual statement of their condition for the information of the public, and the failure to do so renders the stockholders responsible for a specified class of demands existing prior to or at the time of such publication. * * * This liability, in the event of there being no required publication, does not depend upon the actual injury which the failure to publish may have occasioned in a given case, but is absolute, dependent only on the proof of publication or no publication. Such a statute can be regarded in no other light than a penal one."

Thus far we have been reviewing authorities which show that the Nebraska statute under consideration, and statutes like it, is a penal one. We now direct our attention to the argument of counsel for the defendant in error, and the authorities cited by them, that section 136 of the Nebraska statute is in its nature contractual. In other words, that the right of action given thereby to the creditors of a corporation against its stockholders for the failure of the corporation to publish the annual statement of its indebtedness is a right of action arising by contract and therefore a vested right and one that the legislature could not take away by repealing the statute. It is contended that as sec-

tion 136 was in force at the time of the organization of the Globe Publishing Company it became a part of its charter, and that the stockholders thereof, by virtue of such statute and the organization of such corporation while it was in force, impliedly contracted and promised that in case the corporation failed to publish its annual statement, they, the stockholders, would pay all the debts that the corporation contracted during the period of such default. But counsel lose sight of the distinction between the liability of a member of a voluntary unincorporated association for the debts thereof as it existed at common law and as fixed by statutes declaratory thereof, and the statutory liability of a stockholder of a corporation *de jure*. When the law prescribes what the liability of a shareholder shall be, for instance, that such shareholder shall be liable to the creditors of the corporation for double the amount of his stock, or for a sum equal to the amount of his stock, or for the amount remaining unpaid on his subscription to the stock of such company, the law is then speaking of and fixing the liability of a stockholder in a corporation *de jure*, as, without an express statute, a stockholder in such a corporation would not be liable for any debt whatsoever of such corporation; and when a statute so prescribes and fixes the amount for which the stockholders in a corporation shall be liable, such a law is intended to be a limitation upon the stockholder's exemption from liability for the debts of the corporation which he would otherwise enjoy; and persons who organize themselves into a *de jure* corporation, when such a statute is in force, incorporate it into, and it becomes a part of, their charter, and they impliedly agree and assent that their liability for the debts of the corporation shall be as fixed by such a law. Where a statute provides that until certain things are done by persons forming a corporation, such as the filing of its articles of association in the office of a public officer, the stockholders in such corporation shall be liable for the debts thereof,

such a statute is only declaratory of the common law. Until the requirements of the statute have been complied with, a *de jure* corporation would not exist, and the parties thereof would be jointly and severally liable for all the debts contracted by such voluntary unincorporated association of persons. At least, since the time our Norse ancestors settled on the shores of the Baltic sea, it has been the law that where two or more persons engaged in a common enterprise, each one was liable for the act of the others and for the debts incurred by the others in aid of the common object for which the association was formed or the enterprise undertaken. It is evident that the statute, which makes all the stockholders of a corporation liable for the debts thereof until the requirements of the statute have been complied with necessary to make such a corporation one *de jure*, cannot be considered a penal statute, as such statute adds nothing to the liability of such parties, nor takes away any right which a creditor of such parties might have had; but where the law commands corporations to do certain acts, as to publish annually a notice of their indebtedness, such a law is addressing itself, not to *de facto* corporations or copartnerships or unincorporated associations, but to corporations *de jure* and the stockholders of such corporations; and when such a statute declares that all the stockholders of such a corporation shall be liable for all the debts of the corporation, if it fails to comply with the requirements of the statute, then such a law is designed as a punishment of the stockholders, and is penal.

Among the authorities relied upon by the eminent counsel for the defendant in error to sustain their argument that the section of the Nebraska statute under consideration was contractual in its nature, is the case of *Hawthorn v. Calef*, 2 Wall. [U. S.], 10. An examination of that case, however, discloses that it does not by any means sustain the contention of counsel. A statute of Maine passed in 1836 provided that the shares of the individual stockholders of a

corporation should be liable for the debts of the corporation, and in case of deficiency of attachable corporate property or estate, the individual property rights and credits of the stockholder should be liable for the corporation's debts to the amount of the stockholder's stock. A corporation organized under this law became indebted, and soon after the debt was contracted the legislature of the state repealed the law making the stockholder of a corporation individually liable to a creditor thereof. The creditor, however, sued the stockholder, alleging that the statute referred to was contractual in its nature; that the right of action he had acquired against the stockholder was a vested right, and that it was not within the power of the legislature of Maine to take that right away by repealing the statute. This contention the supreme court of the United States sustained in the case just cited. Another case relied on by counsel to support this argument is *Flash v. Conn*, 109 U. S., 371. The tenth section of the corporation law of the state of New York provided that all the stockholders of every company incorporated under the act should be severally and individually liable to the creditors of the corporation to an amount equal to the amount of stock held by them in such corporation. A corporation having become indebted, the creditors sued its stockholders for the debt under the section just quoted, and the supreme court of the United States, in construing said section 10, held that the liability created thereby was contractual in its nature. With the doctrine announced by the two cases last cited we entirely agree. The statute of the state of Maine which fixed the liability of a stockholder of a corporation for the debts thereof at the amount of the stock held by him in such corporation was contractual, and whoever became a stockholder in a corporation while that law was in force impliedly assented and agreed that he would be liable for the debts of the corporation to an amount equal to the stock held by him therein. It was a fixed, ascertained, and determined liability at the

time he became a member of the corporation. It was a law addressing itself to stockholders of *de jure* corporations; and a law of limitation upon the exemptions that such stockholders would have otherwise enjoyed but for such statute; and the same may be said of section 10 of the New York law construed by the supreme court in *Flash v. Conn.* But it is said that this court is committed to the doctrine of the contractual nature of the statute under consideration; and to sustain this contention we are cited to *Abbott v. Omaha Smelting & Refining Co.*, 4 Neb., 416, and *White v. Blum*, 4 Neb., 555; but these cases decide, and decide only, that where persons have attempted to form a corporation, until they shall have complied with the requirements of the statute for that purpose, are jointly and severally liable for the debts of such association. This conclusion is right and we adhere to it; but the conclusion reached in these cases resulted not alone from the statute, but could and would have been the same had no statute on the subject existed. Until the statute had been complied with the Omaha Smelting Company and the Midland Pacific Railroad Company did not become corporations *de jure*; and until they had become such corporations, the parties organizing them were simply members of voluntary unincorporated associations, and as such were liable both at common law and under the statute for the debts of such associations, contracted by any member thereof within the scope of his authority and for the purposes for which the associations existed. But we do not mean by anything said here to deny the correctness of the doctrine, expressed in many cases, that where persons attempt in good faith to incorporate themselves into a valid corporation, and in such corporations named actually enter upon the discharge of corporate functions, and so continue for a considerable time unchallenged by the state, that persons who contract with such corporation cannot hold the stockholders thereof liable on such contract, because it transpires that, by some mistake

or oversight, the corporation had never become a technical *de jure* corporation. On the contrary, we approve of that rule.

It is conceded by counsel for defendant in error that section 12 of the New York act construed in the cases cited above was and is penal, but it is said that, as that act made the trustees of the corporation liable for not publishing the notice of the corporation's existing debts, a distinction exists between the nature of that act and section 136 of the Nebraska act, wherein the liability is made to attach to all the stockholders of the corporation. We have reflected much upon this argument and confess our inability to comprehend the distinction which counsel would draw. We have been unable after a patient search to find any decided case or any text-writer supporting the counsel's argument. It may be that the directors of a corporation would be liable for fraud or deceit practiced by them in the name of the corporation upon another, and it may be that they would be liable for any damage which another should sustain in dealing with such corporation by the failure of such directors to comply with the law in force governing the corporation; but if such liability exists, it is not a statutory liability, but a common law liability; and in either of the cases supposed the liability of the directors would be measured by the damages sustained. If section 12 of the New York act is penal because it compels the directors to pay the debts of the corporation because they, its managing officers, did not comply with the requirements of the law, it would seem that a statute which makes all the stockholders of a corporation liable for the default of the corporation's directors would also be penal. If the section of the Nebraska statute under consideration is not a penal one, we are at a loss to know how the legislature could frame a penal statute. It certainly is not a statute of rewards. True, the punishment inflicted is pecuniary, but by the provisions of this statute a stockholder who owns \$10 of stock in a corpora-

tion may, under certain contingencies, be compelled to pay a debt of \$10,000 that he did not owe, that he did not contract, and suffer that liability because of the default of another. True enough the object of the statute was to annually notify to the world the financial condition of the domestic corporations of the state, that parties having transactions with them might have a basis upon which to do their business safely; but this is not the only object of the statute. It is the exercise by the state of its police power. It is based upon principles of public policy, and it was intended as an incentive to stockholders of corporations to see to it that the law of the state was obeyed; and if they neglected their duty in that regard, to punish them for such neglect. We cannot recognize the argument that persons were induced to give the corporations of the state credit because of the existence of this section 136, for this would be to concede that the creditors parted with their property upon the understanding that when they did so that the officers of the corporation would violate the law which it was their duty to obey.

But, again, counsel for defendant in error say that the nature of the statute under consideration is no longer an open question in this court, as we have decided that the statute was not penal but contractual. In *Howell v. Roberts*, 29 Neb., 483, and again in *Coy v. Jones*, 30 Neb., 798, we did so decide. A somewhat extensive re-examination of the subject, however, constrains us to say that the conclusion reached by us in those cases was wrong and they must be overruled. We did say in those cases that said section 136 of the Nebraska statute was contractual in its nature. We were mistaken. The rule we announced in those cases is not supported by the weight of authority, nor indeed is it supported by any authority that we have been able to find. We conclude, therefore, that said section 136 was a penal statute, and that all rights of action which accrued thereunder to the creditors of a corporation against the

stockholders thereof and which had not been reduced to judgment were abrogated by the repeal of said section.

This suit was brought against the Globe Publishing Company and the stockholders thereof jointly. Was the action against the stockholders prematurely brought? We think it was. Cook, Stock & Stockholders, sec. 219, thus lays down the rule: "Even when not expressly provided by statute, it is the rule, according to the weight of authority, that corporate creditors, before they can proceed against the shareholders upon their statutory liability, must first exhaust their remedy against the corporation and its assets." We have no doubt but this is the general rule and the better practice, especially in the absence of a statute which authorizes a different procedure; but we are not concerned with what the rule may be in other states and courts. Section 4, article 11, of the constitution provides that "In all cases of claims against corporations and joint stock associations, the exact amount justly due shall be first ascertained, and after the corporate property shall have been exhausted, the original subscribers thereof shall be individually liable to the extent of their unpaid subscription, and the liability for the unpaid subscription shall follow the stock." The word "ascertained" in this provision we take to mean "judicially ascertained;" and to "judicially ascertain" the amount due from a corporation to a creditor means to have the finding and judgment or decree of a court as to such amount. Such an ascertainment of a debt due from a corporation could then be ascertained, and ascertained only, within the meaning of this constitution, in a suit brought by a creditor of a corporation against it; not against the stockholders thereof, nor against the stockholders and corporation jointly. The expression in the constitutional provision just quoted above, "that after the corporate property shall have been exhausted," means exhausted by judicial proceedings; that is, when executions issued on judgment or decrees rendered against corporations shall be returned

Scroggin v. National Lumber Co.

unsatisfied. This constitutional provision is the supreme law of the land, and we are not at liberty, nor desirous, of evading it or construing it away. We think, therefore, that the creditors of a *de jure* corporation have no right of action against the stockholders thereof until they have reduced their claims against the corporation to judgment, and until an execution issued upon such judgment has been returned wholly or in part unsatisfied. It follows from this that a creditor's cause of action against the stockholders of a corporation under said section 136 would not accrue until such creditor had sued the corporation for the corporate debt, obtained a judgment thereon, and an execution issued on such judgment had been returned, at least in part, unsatisfied. The judgment of the district court is affirmed as to the Globe Publishing Company and reversed as to all stockholders who prosecuted error, and the action as to them is dismissed.

JUDGMENT ACCORDINGLY.

NORVAL, C. J., concurs in the judgment solely on the ground last stated in the above opinion.

RYAN, C., having been of counsel, took no part in the decision.

L. K. SCROGGIN V. NATIONAL LUMBER COMPANY.

FILED JUNE 6, 1894. No. 4742.

1. Error Proceedings: REVIEW: MOTION FOR NEW TRIAL.

Errors alleged to have occurred upon the trial of a case in the district court will not be reviewed here on petition in error, unless the record discloses a motion for a new trial in the district court and a ruling thereon. This rule applies as well to equity cases brought here by petition in error as to cases at law.

2. Mechanics Liens: LANDLORD AND TENANT: COST OF IMPROVEMENTS: RATIFICATION. Where a tenant erects buildings upon leased property without authority from the landlord, and

41	195
45	466
41	195
47	164
41	195
50	213
50	555
53	488
54	17
41	195
56	358
57	615
41	195
61	387

Scroggin v. National Lumber Co.

the landlord afterwards acknowledges the expense of erecting such buildings as a proper charge by the tenant against him, and settles with the tenant upon that basis, such facts constitute a ratification of the tenant's acts, and render the landlord's estate subject to a mechanic's lien arising out of such improvements.

3. ———: ———: ———: PAYMENT. In such case the payment by the landlord to the tenant of the cost of the improvement does not defeat the lien.
4. **Limitation of Actions; PLEADING.** The defense of the statute of limitations, if not raised either by demurrer or answer, is waived, and when sought to be raised by answer, in order to preserve the defense, the answer must be good against demurrer.
5. ———: ———. An answer alleging merely that the action was not brought within the time required by law, or until after the lien had expired by lapse of time, states conclusions merely and is insufficient.

ERROR from the district court of Nuckolls county. Tried below before MORRIS, J.

S. A. Searle, for plaintiff in error.

S. W. Christy, *contra*.

IRVINE, C.

None of the errors alleged to have occurred on the trial of this case can be considered, for the reason that the case is brought here by petition in error and there was no motion for a new trial in the district court. (*Cropsey v. Wighenhorn*, 3 Neb., 108; *Wells v. Preston*, 3 Neb., 444; *Singleton v. Boyle*, 4 Neb., 414; *Hull v. Miller*, 6 Neb., 128; *Crutts v. Wray*, 19 Neb., 581; *Manning v. Cunningham*, 21 Neb., 288; *Smith v. Spaulding*, 34 Neb., 128; *Miller v. Antelope County*, 35 Neb., 237.) This rule applies as well to equity cases brought here on error as to cases at law. (*Harrington v. Latta*, 23 Neb., 84; *Carlou v. Aultman*, 28 Neb., 672; *Fitzgerald v. Brandt*, 36 Neb., 683; *Gray v. Disbrow*, 36 Neb., 857.) This rule is so firmly established that parties would save to themselves expense,

and to the court the expenditure of time which cannot be spared from the consideration of other cases by paying due regard thereto. Whether or not the question is raised by the adverse party this court will look into the record and refuse to consider any assignments of error occurring at the trial unless the record discloses a motion for a new trial and a ruling thereon.

The only assignment of error sufficiently definite for consideration at all, and not relating to matters occurring upon the trial, is that the judgment is not supported by the findings of the court. A consideration of this assignment requires a statement of the pleadings. The defendant in error was the plaintiff below and alleged the sale and delivery to the plaintiff in error, under an oral contract made by one McClellan as agent for plaintiff in error, of certain lumber and material for the erection of a corn crib and hog pen upon land of the plaintiff in error, and the filing of a claim of lien therefor. The prayer was for judgment and a foreclosure of the mechanic's lien. To this petition the plaintiff in error made answer, denying the sale or delivery to him of any lumber or material, and denying any contract therefor; denying the agency of McClellan; averring that McClellan was a tenant of plaintiff in error, and that whatever he may have purchased from the defendant in error was bought upon his own account, without authority, knowledge, or consent of the plaintiff in error. The answer then averred that after the improvements were made McClellan charged the plaintiff in error with the cost thereof, and thereafter McClellan and the plaintiff in error had a full settlement of said account, including the cost of lumber, and in such settlement McClellan was allowed, satisfied, and paid in full for the same. This last averment renders a consideration of the special findings of the court, which practically confirm it, unnecessary. The answer thus far pleads a good defense to the lien by the denial of any direct transactions with the defendant in error and by

denial of McClellan's authority to deal for plaintiff. Unfortunately, however, for plaintiff in error he followed these averments with the statement that after the material was furnished, McClellan had charged him therefor on the accounting between them, that he had settled with McClellan on that basis, and had allowed and paid him therefor. If McClellan had no authority to make the improvements so as to charge the plaintiff in error, plaintiff in error's action in accepting them, and acknowledging that the expense thereof was chargeable against him, was a complete ratification of McClellan's acts and operated to charge plaintiff in error's estate with the lien. Having adopted and ratified McClellan's acts, his payment to McClellan was no defense to this action. It amounted simply to his payment of money to his agent and did not discharge the debt or lien of defendant in error. Therefore, so far as we have considered the pleadings, they entitled the defendant in error to a decree regardless of the evidence or findings.

The next paragraph of the answer avers that the claim of lien was not filed within the time required by law. There is a distinct special finding by the trial court adverse to the plaintiff in error upon this issue.

The only remaining averment of the answer is as follows: "That this suit was not brought within the time required by law, nor until after the so-called lien of plaintiff had expired by lapse of time." Upon this there is no finding. It does appear, however, from the plaintiff's petition that the claim of lien was filed April 20, 1887. The petition was filed in the district court March 14, 1889. The summons upon which service was had upon plaintiff in error was issued May 1, 1889. The statute (Comp. Stats., ch. 54, sec. 3) provides that the lien shall be operative "for two years after the filing of such lien;" and section 19 of the Code of Civil Procedure provides that an action shall be deemed commenced within the meaning of

title 2 (relating to limitations of actions), as to the defendant, at the date of the summons which is served upon him. While title 2 of the Code contains no provision relating to the foreclosure of mechanics' liens, it is probable that the special limitation quoted from chapter 54 should be construed with reference to other statutes of limitations, and that in determining whether or not an action is barred the time should be counted to the date of the summons served. It appeared, therefore, from the record that the summons which was served upon the plaintiff in error was not issued or dated until after two years from the filing of the lien, and a difficulty is thus presented which is not very clearly solved by the past adjudications of this court. Following the prevalent rule, it has several times been held that the defense of the statute of limitations is personal to the defendant and is waived unless pleaded. (*Taylor v. Courtney*, 15 Neb., 190; *Achison & N. R. Co. v. Miller*, 16 Neb., 661.) But it has also been held that the defense may be raised by a general demurrer where it appears from the petition that the bar of the statute has attached. (*Hurley v. Cox*, 9 Neb., 230; *Peters v. Dunnells*, 5 Neb., 460; *Merriam v. Miller*, 22 Neb., 218.) In order to determine this point it is in all cases necessary to look at the record outside of the petition and ascertain when the action was in fact commenced. The result would seem to be that had a demurrer been interposed to this petition it would have been sustained, but in view of the cases holding that the defense is one which is waived by failing to plead it, we cannot say that there was such a failure to state a cause of action as to call upon the court to reverse the judgment regardless of whether the sufficiency of the pleading was questioned in the district court. The rule would seem to be that the defense of the statute is waived unless raised either by demurrer or answer, and this seems to have been the view taken by the court in *Alexander v. Meyers*, 33 Neb., 773. (See, also *Sturges v. Burton*, 8 O. St., 215.)

Weeks v. Wheeler.

The objection was not in this case raised by demurrer. It was attempted to raise it by answer. The answer in this respect pleaded no facts. It simply averred that the suit was not brought within the time required by law, nor until after the lien had expired. These were statements of mere conclusions of law and not of any facts. Where a plea of the statute of limitations is required, the facts must, as in other cases, be pleaded and not the pleader's conclusions of law. Thus, in *Barnes v. McMurtry*, 29 Neb., 178, a plea was held insufficient for not stating definitely when the statute began to run; and in *Alexander v. Meyers*, *supra*, a plea of adverse possession was held bad for not averring that defendant's possession had been exclusive. The plaintiff in error, not having raised the defense by demurrer, was required to raise it by answer, and this being so he was required to raise it by an answer which would have been sufficient against demurrer to the answer itself. We hold, therefore, that the defense of the statute, not being raised at all by demurrer or sufficiently by answer, was waived.

JUDGMENT AFFIRMED.

JAMES C. WEEKS ET AL. V. GIDEON WHEELER ET AL.

FILED JUNE 6, 1894. No. 4295.

1. **Error Proceedings: ASSIGNMENTS IN APPELLATE COURT.**

Where error is taken from the judgment of a justice of the peace to the district court and the judgment of the justice there affirmed, and error is then prosecuted to this court from the judgment of affirmance, this court will only consider such assignments of error as were presented to the district court.

2. **Review: ERROR.** A judgment will not be reversed unless error affirmatively appears from the record.

ERROR from the district court of Merrick county. Tried below before MARSHALL, J.

Webster & White, for plaintiffs in error.

Meiklejohn & Thompson, contra.

IRVINE, C.

The defendants in error recovered a judgment against the plaintiffs in error before a justice of the peace in Merrick county, from which the plaintiffs in error prosecuted error to the district court, where the judgment of the justice was affirmed, and plaintiffs in error now bring the case here for review.

The first error assigned both here and in the district court is the refusal of the justice to sustain a motion to consolidate this action with another. Section 150 of the Code of Civil Procedure provides that whenever two or more actions are pending in the same court which might have been joined, the defendant may, on motion and notice to the adverse party, require him to show cause why the same shall not be consolidated, and if no such cause be shown, the said several actions shall be consolidated. In order to justify a consolidation it must, therefore, at least appear that the actions might have been joined. There is nothing whatever in the record before us to show the nature of the other action or the parties thereto, and error in overruling the motion to consolidate, therefore, does not appear.

The other errors assigned in the petition in error in this court relate to the use of certain depositions. Several errors are assigned upon the action of the district court in sustaining the justice in overruling a motion of plaintiffs to suppress the depositions referred to. In the petition in error in the district court, however, no errors were assigned upon the justice's ruling upon that motion. The only error

Rea v. Bishop.

assigned were upon the justice's permitting the depositions to be read in evidence at the trial. These assignments are preserved in this court by the fifth assignment in error, in which it is alleged that the district court erred in sustaining the justice in overruling the objections of plaintiffs to the reading of said depositions. We cannot here consider any errors not presented to the district court by the petition in error there. (*Lean v. Andrews*, 38 Neb., 656.) This prevents our reviewing the action of the justice in overruling the motion to suppress the depositions. As to his action in overruling the objections to their being read in evidence, this was matter occurring upon the trial. The case was tried to a jury. The plaintiffs in error might have excepted to the justice's ruling and have procured the settlement of a bill of exceptions. They did not do so, and there is nothing in the record here or in the district court upon which to found this assignment.

JUDGMENT AFFIRMED.

59-55

D. W. REA V. PRESLEY BISHOP ET AL.

FILED JUNE 6, 1894. No. 5316.

1. **Trial: DEFENSE OF INSANITY: OPENING AND CLOSING.** The plaintiff alleged the payment to a third person of specific sums of money for the benefit and at the request of the defendant. The answer made no denial of the allegations of the petition, but pleaded insanity as a defense. *Held*, That under this state of the issues the defendant was required to first introduce testimony and was entitled to the opening and close of the case.
2. **Insanity: ACTION ON CONTRACT.** The defense of insanity may be interposed to an action upon a contract without restoring what the insane person received thereunder, in cases where the ability does not remain of restoring what was received in specie.
3. **Instructions: REVIEW.** Instructions will not be reviewed un-

41	202
45	881
41	202
47	184
47	289
41	202
53	514
53	715
41	202
56	363
56	494

Rea v. Bishop.

less the record discloses that exceptions were taken thereto, and where error is assigned upon the refusal of a group of instructions *en masse*, they will be considered no further than to ascertain that some one of the group was properly refused.

ERROR from the district court of Saunders county. Tried below before MARSHALL, J.

A. M. Robbins, H. E. Babcock, and Good & Good, for plaintiff in error.

J. R. & H. Gilkeson, contra.

IRVINE, C.

The plaintiff in error sued the defendants in error to recover three sums of money: the first on a promissory note for \$102, alleged to have been executed by Bishop to one Harris and signed by plaintiff as surety, and which plaintiff paid; the second, \$10, in payment of a livery bill at Bishop's request, and the third, \$9, paid to the county judge at the request of Bishop. The petition alleged that since the transactions Bishop has been adjudged insane and his guardian was made a party defendant. The guardian answered for herself and Bishop, not denying any of the facts stated in the petition, but alleging that at the time of all of the transactions Bishop was insane, and that the plaintiff knew that fact when he incurred the obligation upon the note and paid the two sums of money. The reply was practically a denial of these allegations.

Error is assigned upon the court's permitting to the defendants the opening and close of the case. An inspection of the record does not disclose who made the opening statement to the jury. The objection was taken to the court's permitting the defendants first to introduce evidence. Upon this subject section 283 of the Code of Civil Procedure provides: "When the jury has been sworn the trial shall proceed in the following order, unless the court for

Rea v. Bishop.

special reasons otherwise direct: First—The plaintiff must briefly state his claim, and may briefly state the evidence by which he expects to sustain it. * * * Third—The party who would be defeated, if no evidence were given on either side, must first produce his evidence; the adverse party will then produce his evidence. * * * In the argument the party required first to produce his evidence shall have the opening and conclusion.” The whole of plaintiff’s petition was practically admitted by the answer. The issues were only those relating to Bishop’s sanity. Under this state of the pleadings, if no evidence had been introduced, judgment would have gone for the plaintiff, and the court, therefore, correctly gave to the defendant the opening and close.

The principal question discussed is as to the liability of an insane person upon his contracts, when made without fraud or deception with one not aware of his insanity. This argument is of course based upon the instructions. The record does not show that any exceptions were taken to the instructions given by the court, and they cannot, therefore, be reviewed. As to the instructions requested by plaintiff and refused, the assignment of error both in the motion for a new trial and in the petition in error is as follows: “The court erred in refusing instructions asked by the plaintiff numbered one to eleven inclusive, and which was duly excepted to by the plaintiff.” Under such an assignment we can consider these instructions no further than to ascertain that one of them was correctly refused. (*Hiatt v. Kinkaid*, 40 Neb., 178; *McDonald v. Bowman*, 40 Neb., 269.) The second of these instructions refused was as follows: “The jury are instructed that an executed contract of an insane person cannot be rescinded, neither can it be successfully resisted in an action at law, unless the person contracted with can be placed in *statu quo*; that is in the same condition in which he stood before entering into the contract with the insane person.” To have given

this instruction would have required the defendants to show that they had repaid to plaintiff all the money advanced. Since this case was submitted this court has had occasion to consider the question of the right of an insane person to rescind without restoring the consideration. (*Dewey v. Allgire*, 37 Neb., 6.) It was there held that the deed of an insane person may be avoided as against a grantee without notice of the grantor's insanity and against an innocent purchaser from such immediate grantee. In the latter case it is not necessary to restore the consideration paid by such purchaser to the immediate grantee. In that case the following language from *Gibson v. Soper*, 6 Gray [Mass.], 279, was quoted with approval: "To say that an insane man, before he can avoid a voidable deed, must first put the grantee in *statu quo* would be to say, in effect, that in a large majority of cases his deed shall not be avoided at all. The more insane the grantor was when the bargain was made, the less likely will he be to retain the fruits of his bargain so as to make restitution. It would be absurd to annul the bargain for the mental incompetency of a party, and yet to require of him to retain and manage the proceeds of his sale so wisely and discreetly that they shall be forthcoming when, with restored intellect, he shall seek its annulment." While the facts of this case are not at all similar to those of *Dewey v. Allgire*, the principle is the same. In the recent case of *Englebert v. Trozell*, 40 Neb., 195, it was held in regard to a contract of an infant that in order to rescind the contract upon reaching his majority, he is required only to return so much of the consideration received by him as remains in his possession, and he is not required to return an equivalent for such part thereof as may have been disposed of by him during his minority. The right to rescind or to resist the enforcement of a contract is based upon the same ground, whether the party be an infant or insane; that is, a want of legal capacity to contract. We think the principle of the two cases cited is decisive here, and that

Reed v. McRill.

the instruction requested was, therefore, vicious. By it the jury would have been instructed that the enforcement of the contract could only be resisted when it was practicable to place the other party in *statu quo*. The rule is that the defense of incapacity will only be unavailing when it is possible to restore the consideration and this is not done.

Some argument is addressed to errors alleged to have occurred in the admission of evidence. These questions we cannot consider, for the reason that in the petition in error there is no assignment upon the subject.

JUDGMENT AFFIRMED.

JOHN REED ET AL. V. CALVIN MCRILL.

FILED JUNE 6, 1894. No. 5296.

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56	435

1. **Conversion: PLEADING.** In order to state a cause of action for conversion it is sufficient to allege ownership generally without stating how such ownership was acquired.
2. **Tenancy in Common.** Where there is a contract between the owner of land and another person whereby such other person is to cultivate the land and harvest the hay for a share thereof, but where the relation of landlord and tenant is not created, and there is no specific agreement as to the possession of the land, the parties become tenants in common of the grass and hay.
3. **Trover and Conversion.** In such a case if one of the parties to such contract seize the whole crop either before or after severance, and dispose of it in denial of the other's rights, the other may maintain trover for his share.
4. **Special Findings: DISCRETION OF COURT: REVIEW.** The submission of questions to the jury for special findings is a matter within the discretion of the trial court, and the submission or refusal to submit such questions will not be reviewed except for abuse of discretion.

ERROR from the district court of Valley county. Tried below before HARRISON, J.

Nightingale Bros., for plaintiffs in error.

A. M. Robbins, *contra*.

IRVINE, C.

McRill sued the plaintiffs in error, alleging that in the months of July, August, and September, 1890, McRill was the owner and in possession of three-fourths of all the grass and hay then standing and growing on a certain quarter section of land described in the petition; that said hay was seventy-five tons and of the value of \$600; that the plaintiffs in error, against the will and consent of McRill, cut down and converted to their own use all of such grass and hay. There was a verdict and judgment for McRill, from which error is prosecuted.

The assignments of error are quite numerous, but the plaintiffs in error in their brief have made a logical analysis of the case, and we shall follow that discussion rather than the petition in error.

The plaintiffs in error, in the first place, contend that it was incumbent upon McRill to allege and prove title or right of possession to the growing grass by virtue of an estate in the land or by virtue of some contract giving him the title or possession of the grass. This principle is undoubtedly correct, and the trial court instructed the jury in accordance therewith. But plaintiffs in error argue that the petition was insufficient to state the basis of the right of action, and they therefore moved to require McRill to make his petition more specific by stating how he acquired title, the nature of his possession, and whether actual or constructive, and certain other things which we do not understand they now insist upon. This motion was overruled. We do not think there was any error in

Reed v. McRill

this ruling. The statutes require in cases of ejectment and replevin only general allegations of title, and we are not aware of any principle of pleading under the Code which requires a specific statement in actions either of trespass or trover. On the contrary, the Code expressly requires a statement of the facts upon which the right of action is based and not a pleading of the evidence. To have sustained the motion would have required the plaintiff below in effect to have pleaded the evidence to sustain his allegation of ownership instead of the principal fact of ownership. The chief ground upon which plaintiffs in error base their argument is that the petition left them uncertain as to whether the action was trespass *quare clausum* or trover. We do not think that any such uncertainty arises. That forms of action are not recognized under the Code of Civil Procedure is elementary, and the form of the petition was, therefore, unimportant. There was no allegation of either ownership or possession of the land, but only of three-fourths of the grass and hay thereon. By any reasonable construction the petition must be treated as an action for the conversion of the grass and hay. We cannot see that this was open to any doubt. The plaintiffs in error moved to strike out all the allegations in regard to the hay. We presume this motion was based upon the distinction between the terms "grass" and "hay," and upon the theory that any action relating to the grass related to the real estate and required an estate in the land to support it, while the term "hay" referred to the grass after it had been severed and cured and had become personal property. But growing grass is not in all cases a part of the realty. Cases may arise where before severance it belongs to a person other than the owner of the fee, or even the owner of a possessory estate. This ownership may depend upon contract, as we shall hereafter show.

Plaintiffs in error next argue that if a lease to McRill was established by the evidence it was unlawful, and for

that reason no action could be maintained. This is upon the theory that the plaintiff in error, John Rapp, Jr., had entered the land under the timber culture act; that this act required the entryman to perform certain acts upon the land, and that if there was a lease it operated to give McRill the exclusive possession, and therefore prevented the entryman from performing his contract with the United States. In the first place we can find no evidence sufficient to sustain this theory. There is parol evidence tending to show that John Rapp, Jr., had entered the land under the timber culture act, but the nature of his title at the time of the acts complained of nowhere appears. In the second place there is no evidence in any part of the record of any contract with or lease to McRill which would exclude the entryman from possession or which contemplated a breach of the conditions of the entry.

Indeed, we have presumed that the next argument of plaintiffs in error is well founded,—that there was no evidence tending to establish a lease of the land,—and from this it follows that their following argument is also sound, to-wit: That the contract, which the evidence tends to establish, was for a share of the crops and not for any estate in the land. These two points will be considered together. The evidence in behalf of McRill tends to show that McRill had cultivated a portion of the land in 1888 and 1889. The agreement of 1888 was immaterial; but there is evidence justifying the jury in finding that the agreement in 1889 was that he was to cultivate portions of the land and retain all the crops, and that he was to put up the hay and receive three-fourths thereof and give Rapp one-fourth. The evidence is distinct that John Rapp, Sr., conducted all the business in relation to the land, and that his acts as general agent were fully authorized by John Rapp, Jr. McRill and his wife testify that in the spring of 1890 a third Rapp appeared, the nephew of John Rapp, Sr. He stated that the elder Rapp had instructed him to tell Mc-

Reed v. McRill.

Rill he could have the place on the same terms as the year before. Mrs. McRill said they would not take the place unless they could have the hay, and the nephew stated that his instructions were that McRill could have the place, "hay and all, just the same as you had it last year." There is no doubt that the hay was harvested by Reed under agreement with the Rapps, that it was carried away and disposed of without the consent of McRill. Passing by for the present the question of the nephew's authority, we are led to a consideration of this contract. The argument of plaintiffs in error is that no lease being established there was nothing possible except a cropping contract which would convey no right to McRill to the grass or hay until after it had been severed and possession actually taken, and that, therefore, neither trespass nor trover would lie. The determination of the rights of the parties under such a contract is often difficult, but more as a question of fact than as a question of law.

In *Warner v. Abbey*, 112 Mass., 355, the court said: "In construing contracts for the cultivation of land at halves it is impossible to lay down a general rule applicable to all cases, because the precise nature of the interest or title between the contracting parties must depend upon the contract itself, and very slight provisions in the contract may very materially affect the legal relations of the parties, and their consequent remedies for injuries as between themselves. In some cases, the owner of the land gives up the entire possession, in which event it is a contract in the nature of a lease, with rent payable in kind; in other cases, he continues to occupy the premises in common with the other party, or reserves to himself that right, and so a tenancy in common to that extent is created, and each is entitled to the joint possession of the crops, or the possession of the one is the possession of the other until division; or he may retain the sole possession of the land, and the other party may have the right to perform the labor and

receive half the crops as compensation; or the two parties may become tenants in common of the growing crops, while no tenancy in common as such exists in the land." The nature of such an agreement must be determined by the facts of each case. (*Johnson v. Hoffman*, 53 Mo., 504.) Where a lease was canceled and afterwards the landlord told the tenant to put in and harvest fall wheat and promised that the tenant should have his just share of it, it was held that they were tenants in common of the wheat, and that the tenant, where the landlord kept the wheat himself, might maintain assumpsit for his share. (*McLaughlin v. Salley*, 46 Mich., 219.) The supreme court of Illinois has held that a letting of land for the purpose of raising a single crop does not necessarily raise the relation of landlord and tenant, but where such relation is not raised the parties are tenants in common of the crop. (*Ahwood v. Ruckman*, 21 Ill., 200.) Other cases holding that similar agreements constitute the parties tenants in common of the crop, and not landlord and tenant, are *Taylor v. Bradley*, 39 N. Y., 129; *Guest v. Opdyke*, 31 N. J. Law, 552; *Fiquet v. Allison*, 12 Mich., 328. It was so held in the last case, even though the contract was for possession in the person doing the work.

We are quite satisfied that the contract which McRill's evidence tends to establish, created McRill and Rapp, Jr., tenants in common of the grass and hay. Ordinarily, trover will not lie by one tenant in common against another, but this rule ceases where there has been an ouster, as where one tenant in common has destroyed the property or where he has sold it to a stranger in denial of his cotenant's rights. (*Burbank v. Crooker*, 7 Gray [Mass.], 158; *Weld v. Oliver*, 21 Pick. [Mass.], 559; *Carr v. Dodge*, 40 N. H., 403; *Fiquet v. Allison*, *supra*.) The last two cases cited were upon contracts similar to that under consideration. Our conclusion is, therefore, that where there is a contract between the owner of land and another person, whereby

such other person is to cultivate the land and harvest the hay for a share thereof, but the relation of landlord and tenant is not created and there is no specific agreement as to the possession of the land, the parties become tenants in common of the crops, grass and hay, and if one of the parties seize the whole of the property, either before or after severance, and dispose of it in denial of the other's rights, the other may maintain trover for his share.

This brings us to the question of agency. It is true, as contended by plaintiffs in error, that there is not a particle of evidence to show that the nephew, when he went to McRill, had any authority to contract for the hay. All the direct evidence is that his instructions were to employ McRill to cultivate the tilled land, one-half in corn and one-half in millet, and that the Rapps were to have the hay. But the testimony of McRill discloses two conversations subsequently had with Rapp, Sr., whose authority is undisputed, and which, if believed, would constitute a ratification by distinctly recognizing McRill's right to three-fourths of the hay. There is no question of the authority of Rapp, Sr., to delegate his authority. The boy's errand was confessedly a special agency, and the court instructed the jury that he could only bind Rapp, Jr., to the extent of the authority actually conferred; but Rapp, Sr.'s, agency was general and is undisputed, and his ratification of the boy's act was binding upon Rapp, Jr., and would have been so had the boy's action been entirely voluntary and without any authority. Upon all of these points, and in fact upon every point in the case, the evidence is not only contradictory, but is conflicting to a bewildering extent. The jury was, however, justified in believing the testimony to which we have referred.

We will not notice in detail the instructions asked by plaintiffs in error and refused. They were for the most part embodied in instructions given by the court. Many of them were objectionable as narrating evidence and being argumentative upon the evidence and for infringing upon

the province of the jury. One or two which stated the law correctly were almost legal treatises, intelligible and instructive to a lawyer, but of such a nature as to be confusing to the minds of jurors not trained in the law and unfamiliar with the refinements of land tenures and common law pleading and practice. So far as the instructions were not in conflict with the views we have expressed, their substance was given by the court in direct untechnical language, and as specifically as could be safely done without invading the domain of the jury.

The plaintiffs in error complain that the court refused to submit a number of special questions to the jury. The submission of questions for special findings is within the discretion of the trial court. (*Floaten v. Ferrell*, 24 Neb., 347; *Nebraska & Iowa Ins. Co. v. Christensen*, 29 Neb., 582.) We do not think that there was any abuse of discretion in this case. The facts were simple, and the district court did not err in leaving them to the determination of the jury for a general verdict under appropriate instructions as to the law.

It is finally contended that the court should have dismissed the case without prejudice as to the two Rapps, for the reason that they resided in Sherman county, were there served with summons, and that the verdict was such as to bring the action within the jurisdiction of a justice of the peace. If, since the case of *Pearson v. Kansas Mfg. Co.*, 14 Neb., 211, there remains any doubt as to the applicability of section 65 of the Code of Civil Procedure to justices of the peace, the question is not raised in this case. The record shows a petition and then the appearance of all the defendants, first by motion and then by answer, without any objection to the jurisdiction. There is nothing to show where they were served with summons, or that their appearance was not voluntary.

JUDGMENT AFFIRMED.

HARRISON, J., took no part in the decision.

CITY OF BEATRICE V. ANNA REID.

FILED JUNE 7, 1894. No. 5441.

1. **Assignments of Error: INSTRUCTIONS: REVIEW.** An assignment of error as to the giving *en masse* of certain instructions will be considered no further than to ascertain whether any one of such instructions was properly given. *Hiatt v. Kinkaid*, 40 Neb., 178, followed.
2. **Negligence.** If one attempts to pass over a place of danger, the law requires him to exercise caution commensurate with the obvious peril; but this means that the law only requires of the party to exercise ordinary care, the danger and his knowledge thereof considered.
3. **Municipal Corporations: LIABILITY FOR NEGLIGENCE OF CONTRACTOR.** Where a municipal corporation is vested by law with authority to construct a public improvement and lets the building of such improvement to a contractor to be by him constructed in such manner as is prescribed by the corporation, such contractor becomes, by virtue of such contract, the agent of the corporation, and it will be liable for an injury resulting from the negligence of such contractor in the manner of the construction of such improvement.
4. ———: **DUTY TO KEEP SIDEWALKS AND STREETS IN REPAIR.** A municipal corporation is charged by law with the duty of at all times keeping its streets and sidewalks in a reasonably safe condition for travel by the public.
5. ———: ———. No municipal corporation, by any act of its own, can devolve this duty on another so as to relieve itself from a liability resulting from its failure to perform such duty.
6. ———: **LIABILITY FOR NEGLIGENCE OF CONTRACTOR.** A municipal corporation, by contracting with another to construct an improvement for it, does not and cannot thereby abdicate its control over the streets or public grounds of such corporation, nor thereby exonerate itself from liability for an injury resulting from the negligence of such contractor in the manner of the performance of his contract.
7. ———: **IMPROVEMENT OF STREETS: NOTICE OF DANGER.** If a municipal corporation rightfully causes an improvement to be constructed or other work to be done, whether by an independ-

41	214
147	842
48	71
48	144
41	214
50	231
41	214
160	546

City of Beatrice v. Reid.

ent contractor or otherwise, it is bound to take notice of the character of the work and its condition, whether safe or dangerous; and is bound to take notice of the condition, whether safe or dangerous, of its streets and grounds as affected by the prosecution or performance of such improvement or work.

8. ———: ———. *City of Omaha v. Jensen*, 35 Neb., 68, followed and reaffirmed.

9. ———: LIABILITY FOR NEGLIGENCE OF CONTRACTOR: ESTOPPEL. The legal basis of the liability of a municipal corporation for an injury sustained by the negligence of an independent contractor constructing a public improvement for such corporation examined, and declared to be not necessarily based upon the doctrine of *respondet superior*, but upon the doctrine that a municipal corporation, charged by law with the performance of a public duty, when sued for an injury for its failure to perform such duty, is estopped from alleging that it had delegated the performance of such duty to another, or had by contract exempted itself from liability for such injury resulting from its failure to perform such duty.

ERROR from the district court of Gage county. Tried below before APPELGET, J.

George A. Murphy and W. C. Le Hane, for plaintiff in error.

L. M. Pemberton, contra.

RAGAN, C.

Mrs. Anna Reid sued the city of Beatrice in the district court of Gage county for damages for an injury which she alleged she sustained through the negligence of the agents of said city. She had a verdict and judgment and the city brings the case here for review.

The testimony on behalf of Mrs. Reid, briefly stated, tends to establish the following facts: That in the year 1890 the city of Beatrice was a city of the second class, having more than five thousand inhabitants; that in said year it entered into a contract with one McMahon, in and by which he was to build, and did build, for said city a

City of Beatrice v. Reid.

sanitary sewer; that in the construction of this sewer, and for the purpose of settling the loose dirt thrown back into the sewer ditch, McMahon attached a gas or water pipe, some two and one-half inches in diameter, to a hydrant, and so laid the pipe as to have it discharge water in the sewer ditch; that said pipe crossed diagonally a public sidewalk on a public street of said city; that no guards, lights, or signals of any kind were erected so as to indicate to passers-by the presence of such pipe on said sidewalk; that in the night-time of the 10th of August, 1890, Mrs. Reid was walking on said sidewalk returning from a lecture; that she was not aware of the existence of said water pipe across the sidewalk, and in passing along she struck her foot or toe against said pipe, or her foot caught under said pipe, causing her to fall, and from which fall she received severe injuries; Mrs. Reid at this time was a large, fleshy lady weighing 240 pounds; that at the time of the trial, in June, 1891, her weight was reduced to 172 pounds; that she underwent severe suffering, caused by said fall, was put to expense for medicines and physicians, and her health was permanently impaired; that she earned her living by sewing, and had a family of two daughters depending upon her for support. On behalf of the city the testimony tends to show that it had no notice of the situation of the placing of the water pipe by McMahon across the sidewalk; that there were signal lights on the sewer ditch in the alley near by the point where the water pipe crossed the sidewalk; that just across the street from the water pipe was a high school building on which was erected an electric light some fifty feet from the ground; that these lights were sufficient to apprise a person in the exercise of ordinary care of the existence of the water pipe on the sidewalk; that Mrs. Reid was not permanently injured; that the condition of her health at the time of the trial was not the result of the fall on the sidewalk. There is no dispute in the record but that McMahon was constructing a sewer

for the city, and in accordance with a contract let to him for that purpose, and that the placing of the water pipe across the sidewalk for the running of water into the sewer ditch was a necessary and proper act in the performance of his contract.

1. The first error assigned here by the city is: "The court erred in giving paragraphs of instructions Nos. 1, 2, 3, 4, and 5 asked for by the defendant in error." In *Hiatt v. Kinkaid*, 40 Neb., 178, it is said: "An assignment of error as to the giving *en masse* of certain instructions will be considered no further than to ascertain that any one of such instructions was properly given." Some of the instructions of which complaint is made stated the law correctly, and since they were not all erroneous, the error assigned cannot be sustained.

2. The second assignment of error is the refusal of the court to give to the jury an instruction asked by the city and numbered 8, as follows: "If the jury believed from the evidence that the place where the accident in question occurred was necessarily more dangerous than the ordinary streets and sidewalks, and that by the exercise of ordinary care and prudence this condition of things could have been known to the plaintiff or was known to her, then the plaintiff was required to use more than ordinary care and caution to avoid the accident, and if she failed to do so and thereby contributed to the injury she cannot recover in this suit." This instruction was properly refused for the reasons: First—That there is no evidence in the record that Mrs. Reid knew of the presence of this water pipe on the sidewalk prior to the time she fell over it. Second—That the only degree of care that the law imposed upon Mrs. Reid was ordinary care. Had she been aware of the presence of the water pipe on the sidewalk the law would have required of her to exercise the caution of a reasonable and prudent person in passing over it, but that requirement would have amounted only to the exercise of ordinary care.

City of Beatrice v. Reid.

If one attempts to pass over a place of danger, the law requires him to exercise caution commensurate with the obvious peril; but in doing so the care exercised would be only ordinary care, the danger and his knowledge thereof considered.

3. The third and fourth errors assigned are that the court erred in giving an instruction No. 3 asked for by the city as requested; and in modifying the instruction and giving it as modified. We cannot review this error, if it was an error, for the reason that no exception was taken to the modification of the instruction by the trial court, nor did the city except to the giving of the instruction when modified.

4. The fifth error assigned is that the court erred in giving paragraphs of instructions Nos. 1, 2, 3, 4, 5, 6, and 7 of the instructions given on the court's own motion. We have examined these instructions and find that some of them were correct and should have been given, and, following the rule laid down in *Hiatt v. Kinkaid*, *supra*, and cases there cited, we have gone no farther.

5. The sixth, seventh, and eighth assignments of error may be considered together. They are that the verdict is not sustained by sufficient evidence; that the amount of damages awarded by the jury to Mrs. Reid is excessive, and that the verdict and judgment are contrary to the law of the case. The amount of the judgment was \$1,500, and it must suffice to say that we think the evidence warrants that amount in the case. We cannot quote the testimony further than has already been done, but it supports the finding of the jury that Mrs. Reid was injured, as alleged in her petition, through the negligence of the contractor of the city in placing and leaving the water pipe across the sidewalk without guards or signals. The argument of the counsel for the city, however, is that as the work of constructing the sewer was being done by an independent contractor, he alone, and not the city, is liable for Mrs.

Reid's injuries, and that, therefore, the verdict and judgment is contrary to the law of the case. Is it the law that the doctrine of *respondeat superior* does not apply to a case of this kind?

In *City of Detroit v. Corey*, 9 Mich., 165, the city of Detroit had let to some contractors a contract for constructing for said city a sewer. The contractors had dug a ditch and left it open and unprotected by either guards or lights, and Corey's wife fell into this ditch and was injured and sued the city therefor. The city defended on the ground that the contractors, and not the city, were liable for the injury to Mrs. Corey, as the sewer was being constructed by the contractors under a contract with the city when the accident occurred. The supreme court of Michigan, in answering and overruling this argument, said: "When the relation of principal and agent, or master and servant, exists the rule of *respondeat superior* is applicable, but not when the relation is that of contractor only. In all ordinary transactions the relation of contractor excludes that of principal and agent, or master and servant; but there is not necessarily such a repugnance between them that they cannot exist together. The difference between them is that a contractor acts in his own right and for himself, whereas an agent or servant acts for and in the name of another. In the case before us both relations exist, and must necessarily exist from the peculiar character and circumstances of the case. The contractors not only acted for themselves, but at the same time as agents for the city, under the power given it to construct sewers in its streets, which are public highways. They had no right to make the excavation they did except as agents for the city, and had they been proceeded against by indictment for creating a public nuisance, they could not have justified in their own right, but would have had to justify as agents of the city under their contract. It is also to be observed that the power under which they acted and which made that lawful which

City of Beatrice v. Reid.

would otherwise have been unlawful was not a power given to the city for governmental purposes, or a municipal duty imposed upon the city as to keep its streets in repair or the like, but a special legislative grant to the city for private purposes. The sewers of the city, like its works for supplying the city with water, are the private property of the city; they belong to the city. The corporation and its corporators, the citizens, are alone interested in them; the outside public or people of the state at large have no interest in them as they have in the streets of the city, which are public highways. The donee of such a power, whether the donee be an individual or a corporation, takes it with the understanding—for such are the requirements of the law in the execution of the power—that it shall be so executed as not unnecessarily to interfere with the rights of the public, and that all needful and proper measures will be taken in the execution of it to guard against accidents to persons lawfully using the highway at the time. He is individually bound for the performance of these obligations. He cannot accept the power divested of them or rid himself of their performance by executing it through a third person as his agent. He may stipulate with the contractor for their performance, as was done by the city in the present case, but he cannot thereby relieve himself of his personal liability or compel an injured party to look to his agent instead of himself for damages.”

The *City of Springfield v. Le Claire*, 49 Ill., 476, was an action brought by Le Claire against the city of Springfield for damages sustained by him in falling into a sewer being constructed in said city by contractors in pursuance of a contract between the city and the contractors. The defense interposed by the city was that the contractors alone were liable. The court said: “The question is, was there a duty resting upon the city growing out of the franchises conferred upon it to keep its public streets in a safe condition for the passage of travelers and others having occasion to

use them? * * * Admitting that the power to construct sewers is discretionary as to the time of its exercise, yet when exercised it must be in such a manner as not to expose others to injury. A corporation, like individuals, is required to exercise its rights and powers and with such precautions as shall not subject others to injury."

The first and second paragraphs of the syllabus are as follows:

"1. Where the duty is imposed by law upon a municipal corporation to keep its streets in a safe condition for use by the public, an action will lie against it for damages arising from a neglect of such duty.

"2. And in such case, the duty being imposed upon the corporation, it cannot be shifted to a person who had been employed to perform it; and if an injury results from neglect of such duty, the corporation must be held liable for the damage."

The *Village of Jefferson v. Chapman*, 127 Ill., 438, was a suit brought by Chapman against the village for damages for injuries he alleged he had sustained by a fall upon a cross-walk or apron over a ditch at the intersection of two streets in the village. On the trial to the jury in the circuit court the village offered to prove that it had made a contract with one Goven for the grading of its streets; that the contractor acting under the contract proceeded with the work, and in the prosecution thereof removed the apron over the ditch where the accident occurred, and that the village retained by the contract no control or supervision over the work. This evidence the trial court excluded and its ruling was assigned as error. The supreme court of Illinois said: "There was one essential element wanting [in the offer] in that there was no intimation of a purpose or desire to prove that the work contracted for was not of itself dangerous or would not necessarily render the street defective or unsafe or dangerous for travel, or that the removal of the apron which

City of Beatrice v. Reid.

formed a part of the cross-walk over the ditch was not a necessary incident to the doing of the work contracted for. The general rule is that the principal of *respondent superior* does not extend to cases of independent contracts, where the party for whom the work is to be done is not the immediate superior of those guilty of the wrongful act and has no choice in the selection of workmen and no control over the manner of doing the work under the contract. But there are exceptions to this general rule. One of the exceptions is where the contract directly requires the performance of a work which, however skillfully done, will be intrinsically dangerous. * * * Another exception to the general rule * * * is where the party causing the work to be done is under a primary obligation imposed by law to keep the subject-matter of the work in a safe condition. The principle upon which this exception is predicated is that where a duty is so imposed, the responsibility for its faithful performance cannot be avoided, and that the party under such obligation cannot be relieved therefrom by a contract made with another for the performance of such duty."

In *Circleville v. Neuding*, 41 O. St., 465, the action was brought against the city to recover the value of a horse which was killed by falling into an unguarded cistern being constructed in the streets by a contractor for the city. McCauley, J., speaking for the supreme court of Ohio, and delivering the opinion, said: "It is contended on behalf of the city that it is not liable for the loss of the horse because the cistern was in process of construction by an independent contractor when the injury occurred. The relation between the city and Barndt was clearly that of employer and independent contractor, and the rule is generally that for injuries occurring in the progress of work carried on by parties in that relation, the contractor alone is liable; but this liability is limited to those injuries which are collateral to the work to be performed and which arise

City of Beatrice v. Reid.

from the negligence or wrongful act of the contractor or his agents or servants. Where, however, the work to be performed is necessarily dangerous, or the obligation rests upon the employer to keep the subject of the work in a safe condition, the rule has no application. * * * In this case the cistern contracted for was to be built in a street. * * * The city was under the statutory obligation at the time of the accident to keep its streets open, in repair, and free from nuisance, and it could not cast this duty upon the contractor so as to relieve itself from liability to one who should receive an injury. It is primarily liable for an injury resulting from such dangerous place in a street. If it has required the contractor to assume the risk of such damage, it may have a remedy against him; but the public, in the use of the streets, may rely upon the legal obligation of the city to keep them free from dangerous places, or if such places become necessary to be made in the course of an improvement or work necessary or proper for the city to do, that it shall so guard them that no injury shall result in the ordinary use of the street." (See, also, *Harper v. City of Milwaukee*, 30 Wis., 365; *Robbins v. City of Chicago*, 4 Wall. [U. S.], 657; *Palmer v. City of Lincoln*, 5 Neb., 136; *City of Lincoln v. Walker*, 18 Neb., 244.)

The point under consideration was before this court in the *City of Omaha v. Jensen*, 35 Neb., 68, and there decided adversely to the contention of the plaintiff in error here. In that case Jensen sued the city for damages for an injury which he had sustained by falling into an unguarded sewer being constructed at the time for the city by some contractors. The defense of the city was that it was not liable, because the sewer was being constructed under a contract made by it with the contractors for the construction of such sewer. This defense was overruled by the district court and the city brought the case here, alleging as error the refusal of the district court to sustain its defense.

City of Beatrice v. Reid.

This court sustained the ruling of the district court. The opinion was written by MAXWELL, the then chief justice, and in the first point of the syllabus it was said: "Where an excavation is made in a public street under contract with the city authorities, such city cannot shift the responsibility for keeping its streets in a safe condition onto a contractor and thus relieve itself from liability for neglect to erect proper barriers to prevent accidents by falling into such excavation." Because of the earnest insistence of counsel for the city of Beatrice, that the district court was wrong in holding that the city was liable for an injury to Mrs. Reid under the evidence in the case, we have re-examined the point decided in *City of Omaha v. Jensen, supra*, and find that the conclusion reached therein is abundantly supported by the authorities. We have no desire whatever to modify the rule established by that case in any particular, but adhere to it and reaffirm it.

The cases cited and quoted from above establish the following propositions:

First—That where a municipal corporation is vested by law with authority to construct a public improvement and lets the building of such improvement to a contractor to be by him constructed in such manner as is prescribed by the corporation, such contractor becomes, by virtue of such contract, the agent of the corporation, and it will be liable for an injury resulting from the negligence of such contractor in the manner of the construction of such improvement.

Second—That a municipal corporation is charged by law with the duty of at all times keeping its streets and sidewalks in a reasonably safe condition for travel by the public.

Third—That no municipal corporation, by any act of its own, can devolve this duty on another so as to relieve itself from liability for an injury resulting from its failure to perform this duty.

Fourth—That a municipal corporation, by contracting with another to construct an improvement for it, does not and cannot thereby abdicate its control over the streets or public grounds of such corporation, nor thereby exonerate itself from liability for an injury resulting from the negligence of such contractor in the manner of the performance of his contract.

Fifth—That if a municipal corporation rightfully causes an improvement to be constructed or other work to be done, whether by an independent contractor or otherwise, it is bound to take notice of the character of the work and its condition, whether safe or dangerous, and is bound to take notice of the condition, whether safe or dangerous, of its streets and grounds as affected by the prosecution or performance of such improvement or work.

All that is said in the cases cited above is applicable to the case at bar. In this state, cities of the second class having more than five thousand inhabitants are by the law declared to be public corporations. As such corporations they are invested with certain powers and privileges. They may open and lay out streets, establish parks, build water-works, own and operate gas and electric light plants. They may pave and curb streets and establish sewers. To defray the expenses of such improvements they may compel the inhabitants and property in their limits to contribute annually a portion of their property as taxes, and they may compel the male citizens to perform annually at least two days' labor upon the streets, or, in lieu thereof, pay a certain sum of money. Corresponding to these powers and privileges the municipal corporations of this state are, by law, charged with the performance of certain public functions and duties; among these functions and duties is that of at all times keeping their streets and sidewalks, which are a part of the streets, in a reasonably safe condition for the traveling public. This duty a municipal corporation cannot delegate to an-

State v. Lauer

other, nor can it abdicate this public function or devolve its performance upon another, whether a contractor or not. To decide, and correctly decide, the case at bar it is not necessary to invoke the doctrine of *respondeat superior*, or any exception to that doctrine. The point can be correctly decided upon the doctrine that a corporation, charged by law with the performance of a public duty, when sued for an injury resulting from its failure to perform such duty, is estopped from saying that it had delegated to another the performance of such duty; or that it had by contract exempted itself from liability for an injury resulting from its failure to perform such public duty. The city of Beatrice could not devolve upon its contractors the duty of keeping its streets in a safe condition. That was a duty that the law compelled the city to perform, and since it is a corporation and can only act through agents, if it committed to any one, whether a contractor or an ordinary employe, the duty of keeping in a safe condition its streets and sidewalks, the acts and omissions of such employe or such contractor in the premises were the acts and omissions of the city. By committing this duty to a contractor the city did not abdicate its public functions, and it was bound to know the character of the work being performed by the contractor and the condition of its streets and sidewalks as affected by the performance of such work. The judgment of the district court is

AFFIRMED.

STATE OF NEBRASKA V. J. DAN LAUER.

FILED JUNE 7, 1894. No. 6088.

1. **Grand Jury:** ORDER OF JUDGE OF DISTRICT COURT. So long as section 584 of the Criminal Code shall remain in force, no grand jury can be lawfully organized unless its selection and

State v. Laner.

impaneling has been previously ordered by a judge of the district court in which such grand jury is to act.

2. ———: ———. In counties having seventy thousand or more inhabitants an order of a district judge directing the selecting and summoning of a grand jury must be in writing and filed with clerk of the district court of such county more than twenty days prior to the first day of the term of court for which such grand jury is desired.
3. ———: DUTY OF COUNTY BOARD. The county board of the county in which said grand jury is ordered must, at least twenty days before the first day of the term of court at which said grand jury is to act, select the persons from among whom said grand jury is to be impaneled.
4. ———: TIME TO APPEAR. The district judge may, in his discretion, require, in the order made by him for the selection of a grand jury, that the persons selected as grand jurors by the county board be summoned to appear either at the first day of the term of court for which the grand jury is desired or at any other specified day of said term of court.

EXCEPTIONS to the decision of the district court for Lancaster county, STRODE, J, presiding. Filed under the provisions of section 515 of the Criminal Code.

George H. Hastings, Attorney General, and W. H. Woodward, County Attorney, for the state.

D. G. Courtney, contra.

RAGAN, C.

In the year 1892 Lancaster county contained a population of seventy thousand or more inhabitants and constituted the third judicial district of the state. On the 1st of January of that year the district judges fixed two terms of court for said year in said county, as follows: One term commencing February 1, 1892, and which closed July 5, 1892, known as the "February Term," and one term commencing September 19, 1892, and which closed December 24, 1892, and which was known as the "Sep-

State v. Lauer.

tember Term." During the sitting of said September term of court, to-wit, on the 25th day of October, the district judges of said district made in writing under their hands and filed with the clerk of the district court of said county an order in words and figures as follows:

"In the Matter of the Calling of the Grand Jury.

"It is hereby ordered by the court that a grand jury be called on November 16, 1892, to take action on such matters as may properly come before it.

"Dated October 25, 1892. CHARLES L. HALL,
"SAMUEL J. TUTTLE,
"Judges."

In pursuance of this order persons having the qualifications of grand jurors were selected, summoned, and appeared in court on the 16th of November, 1892, and were duly organized into a grand jury. This grand jury returned an indictment for felony against one J. Dan Lauer. To the indictment so returned Lauer filed a plea in abatement, assailing the validity of the indictment on the ground that the district judges had no authority of law for making such order, and that the grand jury's proceedings and the indictment returned were null and void. The district court overruled a demurrer filed by the county attorney to this plea and dismissed the state's action. To this ruling of the district court the county attorney took an exception and brings the action of the district court here for review in pursuance of the statute.

Article 1, section 10, of the constitution provides: "No person shall be held to answer for a criminal offense except in cases in which the punishment is by fine or imprisonment, otherwise than in the penitentiary, in case of impeachment, and in cases arising in the army and navy, or in the militia when in actual service in time of war or public danger, unless on a presentment or indictment of a grand jury; *Provided*, That the legislature may, by law, provide

for holding persons to answer for criminal offenses on information of a public prosecutor; and may, by law, abolish, limit, change, amend, or otherwise regulate the grand jury system."

Section 578 of the Criminal Code provides: "That the several courts of this state shall possess and may exercise the same power and jurisdiction to hear, try, and determine prosecutions upon information for crimes, misdemeanors, and offenses, to issue writs and process, and do all other acts therein as they possess and may exercise in cases of like prosecutions upon indictments."

Section 584 of the Criminal Code provides: "Grand juries shall not hereafter be drawn, summoned, or required to attend at the sittings of any court within this state, as provided by law, unless the judge thereof shall so direct by writing, under his hand, and filed with the clerk of said court."

The precise question involved is whether or not in counties having seventy thousand or more inhabitants the judge of the district court of such county may, during the session of a term of court, order the selection and impaneling of a grand jury to act during such term of court; or whether the order of the district court directing the selection and summoning of a grand jury for any term of court must not be made prior to the first day of such term of court, and the persons from whom such grand jury is to be chosen must not be selected by the county board at least twenty days prior to the first day of the term of court at which such grand jury is to act. The answer to this question involves a construction of section 669h of the Code of Civil Procedure, which is as follows: "If a grand jury shall be required by law or by order of the judge for any term of court, it shall be the duty of the county board in each of the counties in this state wherein such court is directed to be holden, at least twenty (20) days before the sitting of such court, to select twenty-three (23) persons, possessing the qualifica-

tions as provided in section two (2) of this act, and as near as may be a proportionate number from each town or precinct in their respective counties, to serve as grand jurors at such term and to cause the county clerk, within five days thereafter, to certify the names of the persons so selected as grand jurors to the clerk of the court for which they are elected, who shall issue and deliver to the sheriff of the county wherein the court is to be held, at least ten (10) days before the term of court for which they shall have been selected, or during term time if the court shall order, a summons commanding him to summon the persons so selected as aforesaid to appear before such court at or before the hour of eleven (11) o'clock A. M. on the first day of the term, or upon such other day as the judge shall direct, to constitute a grand jury for such term," etc. Reading the foregoing section of the constitution and several sections of the Criminal Code in connection with the Code of Civil Procedure just above quoted we have reached the following conclusions:

1. That so long as section 584 of the Criminal Code remains in force, no grand jury can be lawfully selected and impaneled unless the selection and impaneling of such grand jury has been first ordered by the judge of the district court in which such grand jury is to act.
2. That in counties having seventy thousand or more inhabitants the order of the district judge ordering the selecting and summoning of a grand jury must be in writing and filed with the clerk of the district court of such county, more than twenty days prior to the first day of the term of court at which said grand jury is desired.
3. That the county board of the county in which said grand jury is ordered, at least twenty days before the first day of the term of court for which said grand jury is ordered, must select the persons from among whom said grand jury is to be impaneled.
4. That the district judge may, in his discretion, require,

Jarrett v. Hoover.

in the order made by him for the selection of a grand jury, that the persons selected as grand jurors by the county board be summoned either at the first day of the term of court for which the grand jury is desired or at any other specified day of said term of court.

The order made by the district judges of Lancaster county, during the September, 1892, term of that court directing the selecting and impaneling of a grand jury for that term was void. The exceptions of the state are overruled.

EXCEPTIONS OVERRULED.

GEORGE L. JARRETT, APPELLEE, V. JOHN D. HOOVER
ET AL., APPELLANTS.

FILED JUNE 7, 1894. No. 5054.

Mechanics' Liens: NOTES: PROCEDURE. Where a party has furnished another material for the erection of an improvement on real estate and has taken the notes of the party for the price of such material, he may have the benefit of the mechanics' lien law (1) by making an itemized account of the material so furnished, making oath thereto and filing the same, in the time prescribed by the statute, in the office of the register of deeds where the improvement is situate; or (2) he may file in the office of the register of deeds copies of the notes taken for the price of the material furnished, together with a sworn statement that the sum for which said notes were given is due him for material furnished the party giving the notes, that said material was used in the erection, reparation, or removal of an improvement on real estate for the payor of said notes, and giving a statement of the items of such material. He may secure the lien by doing either of these things, but he is not obliged to do both.

APPEAL from the district court of Madison county.
Heard below before POWERS, J.

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S. O. Campbell, for appellants.

Allen, Robinson & Reed, contra.

RAGAN, C.

George L. Jarrett brought this action to the district court of Madison county against John D. Hoover and others to foreclose a mechanic's lien. The findings and decree of the district court were in favor of Jarrett, and Hoover brings the case here on appeal.

Of the arguments relied on here for a reversal of the decree, one only need be noticed. Jarrett furnished Hoover some mill machinery in pursuance of a written contract between them for a mill, and within four months of the time of furnishing such machinery he made an account in writing of the items of the machinery, and, after making oath thereto, as required by the statute, he filed the same, and the contract between him and Hoover, in the office of the register of deeds of Madison county, and claimed a lien upon the improvement for which the mill machinery was furnished and the real estate upon which it was situate. About the time that Jarrett filed his verified account of the items of material furnished by him to Hoover, the latter executed and delivered his promissory notes to Jarrett for the contract price of the material made the subject of the mechanic's lien. Jarrett did not file in the office of the register of deeds of Madison county a copy of any of said notes with a sworn statement that the sum for which the notes were given, or any part thereof, was due him for labor and material furnished him by Hoover in the erection of the mill. The argument of the appellant here is that because Jarrett took these promissory notes and failed to file copies of them in the office of the register of deeds of Madison county, therefore Jarrett has not brought himself within the mechanics' lien law of the state. In other

words, that he has no lien on the mill fixtures and furniture furnished by him to Hoover.

Section 3, chapter 54, Compiled Statutes, 1893, provides: "Any person entitled to a lien under this chapter shall make an account in writing of the items of * * * machinery, or material furnished, or either of them as the case may be, and after making oath thereto, shall, within four months * * * of * * * furnishing such machinery or material, file the same in the office of the register of deeds of the county in which such * * * materials shall have been furnished. * * * And if any promissory note shall have been taken for any such labor or materials it shall be sufficient to secure the lien provided for in sections one and two hereof, to file in the office of the register of deeds a copy of such note within the time aforesaid, together with a sworn statement that the sum for which said note was given, or any part thereof, is due for labor and material used for the purpose hereinbefore mentioned, giving in such statement the items of such labor and material, and such lien shall be for the amount so shown to be due for such labor and material, with interest at the rate specified in said note."

Where a party has furnished another material for the erection of an improvement and has taken the notes of the party for the price of such material, he may have the benefit of the mechanics' lien law in either one of two ways. He may either make an itemized account of the material or labor furnished, make oath thereto, and file the same in the time prescribed by the statute in the office of the register of deeds of the county in which the improvement is situate, or he may file in the office of the register of deeds copies of the notes taken for the price of the material or labor furnished, together with a sworn statement that the sum for which said notes were given is due him for labor and material furnished from the party giving the notes, and that said material was used in the erection, reparation,

Haskell v. Valley County.

or removal of and improvement on real estate for the payor of said notes, giving a statement of the items of such labor or material. But having made and filed in the proper office, at the proper time, a verified account of the labor or material furnished for an improvement, a party does not lose his right to a lien because he afterwards takes notes from the party liable on said lien for the price or value of the materials or labor furnished; nor does he lose his lien because he fails to file copies of such notes in the office of the register of deeds. He may secure the lien by doing either, but he is not obliged to do both. The decree is

AFFIRMED.

ORSON S. HASKELL V. VALLEY COUNTY.

FILED JUNE 7, 1894. No. 4166.

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1. **Review: ASSIGNMENTS OF ERROR: BILL OF EXCEPTIONS.** This court cannot review errors alleged to have been committed by a district court in the admission and rejection of evidence unless such errors are preserved in a bill of exceptions and specifically alleged in a petition in error here.
2. **Assignments of Error.** If a litigant is of opinion that a trial court erred in its ruling, and desires to review such error in this court, he should specifically state in his petition in error here the identical action of the district court which he claims was erroneous.
3. **Appeals from the decision of a county board** should be entered, tried, and determined in the district court the same as appeals from justices of the peace.
4. **Appeal from County Board: ISSUES IN APPELLATE COURT: REVIEW.** A district court should never proceed with the trial of an appeal from a county board, until the parties to such appeal have made up the issues therein, by filing the proper pleadings in the case; and where such an appeal is tried in the district court without pleadings, and brought here on error, this

Haskell v. Valley County.

court will not examine the evidence for the purpose of ascertaining what the issues litigated were.

5. **COSTS: MOTION TO RETAX: REVIEW.** For this court to review an error alleged to have been committed by a district court in rendering judgment against a party for costs, the party against whom the judgment is rendered must file a motion in the district court to retax such costs and then come here from the ruling of the district court upon such motion.
6. **REVIEW: ASSIGNMENTS OF ERROR: COSTS.** *Wilkinson v. Carter*, 22 Neb., 186; *Hiatt v. Kinkaid*, 40 Neb., 178; *Jewett v. Osborne*, 33 Neb., 24, and *Vincent v. State*, 37 Neb., 672, followed and reaffirmed.

ERROR from the district court of Valley county. Tried below before TIFFANY, J.

A. M. Robbins, for plaintiff in error.

Charles A. Munn, E. J. Clements, and Thomas Darnall,
contra.

RAGAN, C.

From the decision of the board of county commissioners of Valley county, disallowing in part certain claims filed by him against said county, Orson S. Haskell appealed to the district court. The case was tried to a jury, which rendered a verdict in Haskell's favor for the same amount allowed him by the board of county commissioners. Upon this judgment a verdict was rendered for Haskell, and he has filed a petition in error here to review such judgment.

1. Of the errors assigned here by Haskell, eleven relate to the action of the district court in the admission and rejection of evidence at the trial. We are unable to review any of these alleged errors, for the reason that they have not been preserved by a bill of exceptions. A draft of what purports to be, and probably is, all the evidence offered or given on the trial of the case is in the record, but it has never been signed or allowed as provided by law. (*Jewett v. Osborne*, 33 Neb., 24; *Vincent v. State*, 37 Neb., 672.)

Haskell v. Valley County.

2. The first alleged error assigned here by Mr. Haskell is in the following language: "The verdict rendered therein is against the weight of evidence." In *Vincent v. State*, 37 Neb., 672, it was held that this court has no original jurisdiction or authority to vacate a judgment and grant a new trial in a cause tried and determined in a district court. That the jurisdiction of this court to grant a new trial was appellate only. The grounds upon which a new trial may be granted are enumerated in section 314 of the Code, and by the sixth subdivision of said section it is provided that a new trial may be granted where the verdict, report, or decision is not sustained by sufficient evidence; but we know of no law which vests this court with authority to grant a party a new trial solely because we might be of opinion that the verdict rendered was against the weight of evidence.

3. The fifteenth assignment of error is alleged here by Mr. Haskell as follows: "There were errors of law during the course of the trial and excepted to by plaintiff." This assignment is too vague and indefinite for consideration. If a litigant is of opinion that the trial court erred in its ruling, and desires to review such error in this court, he should specifically state in his petition in error here what action of the district court he claims was erroneous.

4. The second assignment of error alleged here by Mr. Haskell is that the amount awarded him by the jury is too small and not supported by the evidence. The board of county commissioners of Valley county allowed Mr. Haskell on the claims which he filed against that county \$40, and this was the amount awarded him by the jury on the trial of this action. If we look into what purports to be a draft of the evidence given at the trial we are still unable to say whether or not the verdict of the jury is too small and not sustained by sufficient evidence, for the reason that no pleadings of any kind were filed in the district court, and we are unable to state what the issues were on which the

case was tried. Section 39, page 352, Compiled Statutes, 1893, provides that an appeal from the decision of a county board "shall be entered, tried, and determined the same as appeals from justice courts." Section 1010a of the Code of Civil Procedure provides: "That in all cases of appeal from the county court or a justice of the peace the plaintiff shall, within twenty days from and after the filing of his transcript in the district court as required by law, file his petition as required in civil cases in the court to which such appeal is taken; and the answer shall be filed and issue joined as in cases commenced in such appellate court." The district court should never proceed with a trial of an appeal from a county board until the parties to such appeal have made up the issues therein by filing the proper pleadings in the case; and where such an appeal is tried in the district court without pleadings, and brought to this court on error, we will not examine the evidence for the purpose of ascertaining what the issues litigated were.

5. The sixteenth assignment of error alleged here by Mr. Haskell is as follows: "The court erred in overruling the plaintiff's motion for a new trial." This assignment is sufficiently disposed of by what has been said above and need not be further noticed.

6. The tenth assignment of error alleged here by Mr. Haskell is in the following language: "The court erred in giving instructions Nos. 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 over objections by plaintiff." The rule of this court is, where objections are assigned to the giving of instructions *en masse*, if any one of the instructions objected to is good, then the objection will fail as to all (*Hiatt v. Kinkaid*, 40 Neb., 178; *McDonald v. Bowman*, 40 Neb., 269); but as we do not know what the issues litigated were, we are not able to say whether or not any of these instructions were good or bad.

7. The seventeenth assignment of error is as follows: "The court erred in rendering judgment against this plaintiff for

Wanzer v. State.

\$219.13 costs." Section 39, page 352, Compiled Statutes, quoted above, provides that appeals taken from the decision of county boards "shall be entered, tried, and determined the same as appeals from justice courts, and costs shall be awarded thereon in like manner." Section 1013 of the Code of Civil Procedure provides: "If any person appealing from a judgment rendered in his favor shall not recover a greater sum than the amount for which judgment was rendered, besides costs and the interest accruing thereon, every such appellant shall pay the costs of such appeal." As already stated, the decision of the board of county commissioners was in favor of Mr. Haskell, and on his appeal he recovered the same amount. There was no error then in the court rendering judgment against him for the costs of the appeal. We are unable to say from the record whether the judgment rendered against Mr. Haskell for costs embraced anything more than the costs of the trial in the district court. If it does, the judgment to that extent is erroneous; but in order for this court to review a judgment for costs the party against whom the judgment is rendered must first file a motion in the district court to retax the costs and then come here from the ruling of the court upon such motion, if the ruling is unsatisfactory to him. (*Wilkinson v. Carter*, 22 Neb., 186.) The judgment of the district court must be

AFFIRMED.

B. L. WANZER V. STATE OF NEBRASKA.

FILED JUNE 26, 1894. No. 5999.

1. **Assault: SUFFICIENCY OF EVIDENCE.** *Held*, Upon the examination of the record in this case, that the evidence is sufficient to sustain the conviction for the crime of assault.

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41	697

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44	620

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45	617

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54	803

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57	443

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60	388

2. **Criminal Law.** It is only when there is a total failure of proof in a criminal case to support a material allegation in the information, or where the testimony adduced is of so weak or doubtful a character that a conviction based thereon could not be sustained, that the trial court will be justified in directing a verdict of not guilty.
3. **Objections to instructions** not raised in the court below by the motion for a new trial will not be reviewed by this court.
4. **Instructions.** *Held*, That the instructions were based upon the evidence in the case.
5. **An assignment in a petition in error** of "error of law occurring at the trial" is insufficient to present for review the rulings of the trial court on the admission or exclusion of testimony.

ERROR to the district court for Dixon county. Tried below before NORRIS, J.

A. G. Kingsbury and Jay & Beck, for plaintiff in error.

George H. Hastings, Attorney General, and *J. J. McCarthy*, for the state.

NORVAL, C. J.

The county attorney filed in the court below an information charging the plaintiff in error, B. L. Wanzer, on the 3d day of March, 1892, with having made an assault upon one Sarah E. Pomeroy with intent to commit rape. At the close of the testimony the trial judge, among other instructions, charged the jury that the evidence adduced was insufficient to authorize a conviction for an assault with intent to commit rape, and that they would only consider the question whether or not the accused had committed an assault, merely, upon the prosecuting witness. A verdict was returned by the jury finding the prisoner guilty of a simple assault, and thereupon the court, after overruling a motion for a new trial, sentenced him to pay a fine of \$100, and that he be imprisoned for three months in the county jail.

The first assignment of error urged by counsel for a reversal of the judgment relates to the sufficiency of the evidence to sustain a conviction, and to the consideration of which we shall now direct our attention. The prosecuting witness is a married woman, residing with her husband on a farm in Dixon county, near the town of Allen. The plaintiff in error is a physician of said town, and in January, 1892, he treated, professionally, Mrs. Pomeroy for la grippe and heart trouble. Subsequently, but prior to the month of March, he treated her for a disease peculiar to her sex. On March 3 she called at his home, being accompanied by her husband, for the purpose of obtaining further treatment for her said malady. On this occasion Mrs. Pomeroy and the doctor alone went into a bedroom, where she laid down upon the bed and the medicines were applied by him as before. There is no dispute in the evidence as to the facts already narrated, but there is a sharp conflict in the testimony as to what transpired in the bedroom on the date last stated. Mrs. Pomeroy, on her direct examination, testified in plain and unequivocal language that the doctor, after he had finished the treatment, with his pants unbuttoned and his privates exposed, got upon her; that she grabbed hold of him and pushed him and told him to get off, which he did, although he declined to go away when first urged to do so. Mrs. Pomeroy was subjected to a lengthy and rigid cross-examination, yet her testimony given in chief was not in the least shaken or impaired. It appears that within a week or ten days after the occurrence Mrs. Pomeroy related the facts to her husband, who thereupon addressed a letter to the plaintiff in error urging him to leave the country. Shortly thereafter these proceedings were commenced. Opposed to the testimony of the complaining witness is the positive and direct evidence of the plaintiff in error, denying that he assaulted Mrs. Pomeroy. The defense also called to the stand Mrs. Grace Weaver and the wife of the accused, who were in

the sitting room at the time it is alleged the assault was committed, and who testified that when the complaining witness came out of the bedroom with the doctor she was smiling, talking, and laughing, and appeared to be in the best of humor. These witnesses are flatly contradicted by both Mr. and Mrs. Pomeroy. There is to be found in the bill of exceptions the testimony of Frank Flynn, the stepson of the plaintiff in error, and one S. C. Van Horn, to the effect that when the Pomeroy's were leaving the doctor's residence for their home on the day in question, Mrs. Pomeroy invited the doctor to bring his wife with him, and make her a visit at her home. Mrs. Pomeroy denies that any such conversation took place, and further, that Flynn and Van Horn were not present at the time the Pomeroy's took their departure. In this she was likewise corroborated by her husband. The conflicting evidence was passed upon by the jury, and it was for them to say which witness should be believed and which ones should be discredited. The jury, by their verdict, have found that the defendant below and his witnesses were unworthy of belief. A second perusal of the bill of exceptions convinces us that there is ample testimony to support the verdict. We cannot express ourselves in a more fitting manner upon this branch of the case than to quote the following language from the brief of the attorney general: "Here is a man holding himself out to the world as a member of a noble and honorable profession to which none but gentlemen—and educated at that—should aspire; and to the credit of the profession be it said that but few, and those unworthy of the name, ever become oblivious or unmindful of the restraints of their position, and words are inadequate to express the loathing and contempt which all decent people entertain for a cold-blooded villain who can coolly disregard all principles of morality and the restraint of his profession, and abuse the confidence reposed in him by those who suffer and come to him for relief."

Wanser v. State.

Complaint is made in the brief because the court refused to instruct the jury to acquit the accused. It is only when there is a total want of proof to support a material allegation of the information, or where the testimony in a criminal case is of so weak or doubtful a character that a conviction based thereon could not be sustained, that a court will be justified in directing a verdict of not guilty. It follows from what has already been said that this case does not fall within said rule. Moreover, the plaintiff in error is not in a position to have reviewed the refusal of the court to give to the jury his instruction to acquit, since the point is not raised either in the motion for a new trial or the petition in error. (*Hanover Fire Ins. Co. v. Schellak*, 35 Neb., 701; *Barton v. McKay*, 36 Neb., 633.)

It is insisted that the court erred in its instruction upon the question of a reasonable doubt, which is paragraph 3 of the series given by the court upon its own motion. Inasmuch as plaintiff in error failed to complain of the giving of this particular instruction in his motion for a new trial, we will not consider or pass upon the accuracy of that part of the charge.

Error is assigned in the petition in error upon the giving of the fifth instruction requested by the state. We find no such instruction in the record before us. In fact it does not appear that the state presented any request to charge. Doubtless the instruction intended is the fifth, given by the court upon its own motion, which reads as follows: "You are instructed that any man taking indecent liberties with a woman without her consent is guilty of an assault upon her, and if you believe, beyond a reasonable doubt, that upon the 3d day of March, 1892, defendant, while alone with the complaining witness, and while in the capacity of a physician, was treating her for a disease, and while so treating her took indecent liberties with her by lying upon her, that he at the time made an indecent exposure of his person before her, then you are instructed that in

law he was guilty of an assault." The sole vice imputed to this instruction is that it assumed that there was evidence before the jury from which they might find that the plaintiff in error took indecent liberty with the complaining witness and that he made an indecent exposure of his person in her presence. There is absolutely no merit in the criticism upon the instruction. The charge was based upon the evidence. On pages from 6 to 8, inclusive, of the transcript may be found the evidence of Mrs. Pomeroy to the effect that the plaintiff in error had his clothes unbuttoned, that he exposed to view his privates and touched her therewith.

It is finally insisted that the judgment should be reversed because the state was permitted by the court to introduce evidence of the character of the medical treatment employed by plaintiff in error, and afterwards directing the elimination of the testimony from the record. Such practice was condemned in *Bedford v. State*, 36 Neb., 702. The point, however, sought to be presented for consideration is not raised by petition in error so as to require our taking notice of it.

The fourth assignment of error is in this language: "Error of law occurring at the trial." While such an assignment is permissible in a motion for a new trial, it is insufficient in a petition in error to present for review the rulings of the trial court on the admission or exclusion of the testimony. (*Lowe v. City of Omaha*, 33 Neb., 587.) We discover no reversible error in the record, and the judgment is therefore

AFFIRMED.

**JOHN HUNT, APPELLANT, V. JOHN HUFFMAN ET AL.,
APPELLEES.**

FILED JUNE 26, 1894. No. 5173.

Review. This case presents no question of law, and the decree of the lower court being supported by sufficient testimony, is affirmed.

APPEAL from the district court of Merrick county.
Heard below before MILLER, J.

A. Ewing and John Patterson, for appellant.

G. W. Bemis and J. W. Sparks, contra.

NORVAL, C. J.

This is a creditor's bill brought by John Hunt against John Huffman and others to set aside and cancel certain conveyances covering a half section of land in Merrick county, and to subject said real estate to the payment of plaintiff's judgment. From a decree in favor of the defendants plaintiff prosecutes an appeal.

The defendants John Huffman and Joanna Huffman are husband and wife, and the defendants Josiah Huffman and Allen Huffman are their children. On and prior to the 11th day of August, 1879, plaintiff and the Huffmans were residents of the state of Pennsylvania, and on said date plaintiff and said John Huffman executed and delivered to one Israel White their promissory note for the sum of \$1,113.50, bearing interest at six per cent, plaintiff signing the same as surety merely for said Huffman. The note not having been paid at maturity, suit was brought thereon in the court of common pleas in and for Green county, in the state of Pennsylvania, where judgment was rendered for the full amount of the note against said Huffman and

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Hunt v. Huffman

the plaintiff herein on the 7th day of March, 1885. Subsequently John Hunt, the surety, in order to prevent the sale of his property, was compelled to, and did, pay said judgment, interest, and costs. In the spring of 1885 the Huffmans moved to Nebraska, locating in Merrick county. On the 14th day of May, 1888, said Hunt commenced an action in the district court of said last named county against John Huffman to recover the amount he was compelled to pay for the latter to satisfy the said judgment in favor of said White. On the 24th day of October, 1888, a trial was had in said court, which resulted in Hunt's obtaining a judgment against said John Huffman for the sum of \$1,540 and the costs of suit. This judgment remains in full force and effect, and unpaid. Execution was issued on said judgment, which, for want of goods and chattels and lands and tenements of the said Huffman whereon to levy, was returned by the sheriff wholly unsatisfied, the defendant then being, and for several years prior thereto was, and now is, wholly insolvent. It appears that said John Huffman, at the time plaintiff signed said note as surety, and from thence to the 31st day of January, 1885, was the owner of about 271 acres of real estate situated in Green county, Pennsylvania, of the value of about \$18,000, which was heavily incumbered by mortgage and other liens. D. A. Spragg, Dr. Braden, and a number of other residents of Green county were the owners of a half section of land near Central City, in Merrick county, this state, described as the south half of section 31, in township 14 north, of range 6 west, containing 312 acres. In December, 1884, and January, 1885, negotiations were pending between the several owners of this half section and John Huffman for the exchange of the above tracts of land, and with that end in view said Huffman came to Nebraska in the said month of December for the purpose of examining the Merrick county land. He was accompanied by Dr. Braden, and, after looking the premises over, they both re-

Hunt v. Huffman.

turned to Green county, Pennsylvania. The record further discloses that on the 31st day of January, 1885, John Huffman conveyed, his wife joining in the deed, his farm of 271 acres to D. A. Spragg, who received the title in trust for the several persons, or syndicate, who owned the above half section, and at the same time a contract was entered into by the members of said syndicate whereby they agreed to convey the said Merrick county lands to Joanna Huffman. Subsequently, on the 31st day of January, 1886, the several owners conveyed said half section to said Joanna, which deed was duly recorded in Merrick county April 16, 1886. On the 18th day of May, 1888, said Joanna conveyed to her son Josiah 100 acres of said half section, and on the same day she conveyed to her other son, Allen, another 100 acres of said land. On the 25th day of October, 1888, said Joanna deeded another 100 acres of said half section to one Isaac B. Traver, one of the defendants herein. The defendant John Huffman joined with his wife in each of the last three deeds mentioned. Since the commencement of this suit Allen Huffman has deeded the 100 acres, so as aforesaid conveyed to him, to his brother Josiah. On May 6, 1886, Joanna executed a mortgage to the Equitable Trust Company on the entire half section to secure the sum of \$2,500. The appellant's contention is that John Huffman exchanged his 271 acres of land in Green county for the above described half section, and that the title to the latter tract was taken in the name of his wife, Joanna, for the purpose of cheating and defrauding appellant and to hinder and delay him in the collection of his aforesaid claim against John Huffman, and that the other deeds upon the different portions of the Merrick county land were likewise made for the same fraudulent purpose. The appellees insist that there was no exchange of land, but that the transfer of the half sections and the conveyance of John Huffman's farm were separate and distinct transactions, and in no manner connected the one with the other.

Hunt v. Huffman.

In addition to the facts already detailed, which are undisputed, it is also established beyond question, by the testimony of numerous disinterested witnesses, that John Huffman had declared on different occasions prior to his removal to this state that he never intended to pay the plaintiff, for the alleged reason that said debt was not an honest one, and thus far, in that respect at least, he has faithfully kept his word; that shortly after the conveyance of the farm, John Huffman caused his household goods, farming implements, and considerable other personal property, aggregating in value more than \$1,000, to be sold at auction, the same being advertised in the name of, and the sale conducted by, his son Josiah. The sale notes were taken in Josiah's name. Plaintiff introduced testimony to show that John Huffman had considerable stock on his farm, and just before said public sale, from twenty to thirty head of cattle, which he then had upon his place, were shipped to this state in the name of D. A. Spragg, and they were placed and left by John Huffman upon the said half section; that said Huffman traded this 271 acres for the half section, the agreed price of the former being \$65 per acre, less liens and incumbrances thereon, amounting to \$11,000 or \$12,000, which the purchaser was to and did pay; that the Nebraska land was taken in the deal at \$20 per acre, and that said Huffman has stated that he made the exchange, likewise that he shipped his cattle to Nebraska, although he now insists, and so testified on the trial, that he sold them to Spragg before they were brought to this state. The evidence on behalf of the plaintiff, if believed, is sufficient to establish that the greater part, if not the entire, consideration for the lands in dispute were deducted from the equity which John Huffman had in the Pennsylvania lands, and that the title to the Nebraska tract was taken in the name of Mrs. Huffman for the sole purpose, and with the intent, of defrauding this plaintiff.

The evidence on behalf of the defendants show the

Hunt v. Huffman.

transaction in altogether a different light. John Huffman testified that he came to this state with Dr. Braden to look at the half section with the view of trading his farm therefor, but after his return to Pennsylvania he made a computation of the amount of liens against his farm, and his unsecured debts, when for the first time he ascertained that his entire indebtedness equaled the value of his farm, and he then abandoned all idea of a trade; that he sold his place at \$65 per acre; that not a dollar of the purchase money was received by him, nor went to pay for the land in dispute, but that the whole consideration for his place was, under his direction, applied by Spragg in lifting the liens upon the land and paying the unsecured *bona fide* debts of Huffman. The witness in his testimony gives in detail the names of the persons to whom Spragg paid the money and the amount received by each, the aggregate of which sums equals, if not exceeds, the contract price at which his land was sold. Mr. Huffman further testified that he borrowed money with which to come to Nebraska, and Mr. Spragg corroborates him on this point; that Mrs. Huffman entered into a written contract for the purchase of the half section at \$20 per acre, and paid down of her own moneys \$1,000, and turned in a \$1,500 note given by John Huffman to his son Josiah for several years' wages, it being agreed between the mother and the son that when she obtained title to the land she was to convey to the latter 100 acres of the tract; that the deed was not made to Mrs. Huffman for the half section at the time of the purchase, for the reason that she did not have the means with which to pay the balance of the consideration; that Mrs. Huffman borrowed in November, 1885, from her brother, B. K. Harrington, \$1,500, which was paid on the land, and subsequently she paid the remainder of the purchase money by borrowing \$2,500, and executing a mortgage on the half section to secure the payment thereof; that the deed to her was delivered at the time of the execution of the mort-

Hunt v. Huffman.

gage, and that the amount of the \$1,500 note given by the witness to Josiah Huffman was deducted from the price of the Pennsylvania land. Mrs. Huffman's testimony, in most respects, corroborates her husband; so does that given by Josiah Huffman, and also the testimony by deposition of D. A. Spragg, taken by plaintiff. The uncontradicted evidence is to the effect that Traver purchased in good faith of Mrs. Huffman 100 acres of the land and paid her therefor \$2,500, out of which she repaid the \$1,500 loan obtained from her brother, and the remainder was applied in making improvements on the land remaining unsold; that the consideration for the conveyance made to Josiah was the \$1,500 note he let his mother have, and the assuming of \$500 of the \$2,500 mortgage upon the half section; and Allen Huffman, as consideration for the 100 acres conveyed to him, assumed the remaining \$2,000 of said mortgage.

From the foregoing synopsis of the testimony it will be observed that while the court below would have been justified in entering a decree for the plaintiff, it cannot be said that the findings and decree actually pronounced are manifestly wrong, or against the clear weight of the evidence. It is true that John Huffman, out of the proceeds arising from the sale of his farm, paid what he owed his son for wages, as well as all his other debts then owing, instead of paying the plaintiff; but that did not make the transaction fraudulent. A debtor has a perfect right, in good faith, either to pay or secure one creditor in preference to another. The decree being supported by sufficient evidence, under the uniform decisions of this court it should not be disturbed, even though we might have reached a different conclusion, upon the evidence, from that adopted by the trial judge, had we presided in his stead. The decree is

AFFIRMED.

JAMES GORDON ET AL. V. WILLIAM LITTLE.

FILED JUNE 26, 1894. No. 4648.

1. A joint assignment of error in a petition of error made by two or more persons which is not good as to all who joined therein will be overruled as to all.
2. A judgment without a finding to support it is not void, but is erroneous.
3. **Replevin: DAMAGES.** In an action of replevin, where the property has been taken under the writ and possession thereof delivered to the plaintiff, he is entitled, if successful in the suit, to have his damages assessed for the unlawful detention of the property by the defendant. If no formal assessment of damages has been made by the court or jury, no judgment for damages can be properly rendered.

ERROR from the district court of Gage county. Tried below before APPELGET, J.

Haslett, Bates & Le Hane and *L. M. Pemberton*, for plaintiffs in error.

Chamberlain Bros. & Rood, contra.

NORVAL, C. J.

This was an action in replevin brought by defendant in error against plaintiffs in error to recover possession of a quantity of household furniture, one billiard table, two pool tables, one bar, and some saloon fixtures. There was a trial to the court, a jury being waived, with a finding that the right of property and right of possession was in plaintiff at the commencement of the action, and upon which finding, without an assessment of damages, the court rendered judgment against the defendants for five cents damages and the costs of suit. The defendants prosecute error.

Although there are ten assignments of error in the peti-

tion in error, only two are discussed in the brief of counsel, namely, the evidence is insufficient to sustain the findings, and the judgment does not conform to the findings.

It is firmly settled in this state that a motion for a new trial and ruling thereon are necessary to obtain a review in this court of the proceedings of the district court by petition in error. (*Carlow v. Aultman*, 28 Neb., 672; *Jones v. Hayes*, 36 Neb., 526; *Withnell v. City of Omaha*, 37 Neb., 621, and cases there cited.) An examination of the record before us fails to disclose that any motion for a new trial was made in the court below by the defendant Eli Sivey, therefore we are precluded from reviewing the testimony in the case for the purpose of ascertaining whether or not it is sufficient to support the judgment as to said Sivey. The defendants below filed a joint petition in error in this court. The assignment of error therein, relating to the sufficiency of the evidence, not being good as to Sivey by reason of his failing to file a motion for a new trial, the question presented is whether it is good as to his co-plaintiff in error, James Gordon? We think the answer must be in the negative. We have frequently held that a motion for a new trial is indivisible, and when made jointly by two or more persons, if it cannot be sustained as to all, it must be overruled as to all. (*Long v. Clapp*, 15 Neb., 417; *Dutcher v. State*, 16 Neb., 30; *Real v. Hollister*, 17 Neb., 661; *Dorsey v. McGee*, 30 Neb., 657; *Hagler v. State*, 31 Neb., 144; *Scott v. Chope*, 33 Neb., 41.) The same principle holds good here. A joint assignment of errors in a petition in error, not good as to all who joined therein, will be held bad as to all. Judge Elliot, in his valuable work on Appellate Procedure, at section 318, states the correct rule thus: "Where several parties unite in one assignment of errors, they will encounter defeat unless the assignment is good as to all. If the errors affect the parties severally, and not jointly, the proper practice is for each party to assign errors, for the rule is well settled that a joint assign-

Gordon v. Little.

ment will not permit one of several parties to avail himself of errors alleged upon rulings which affect him alone and not those with whom he unites in the assignment." It follows from the foregoing, as well as our own cases already mentioned, that the evidence in the case cannot be reviewed by us.

The remaining ground urged for a reversal,—that the judgment for damages is not based upon any finding of the court,—will be considered, since it was not necessary to present that objection by a motion for a new trial. When such motion was made and passed upon in the trial court, no judgment had then been rendered, and the defendants had the right to presume that the proper judgment would follow the findings. Section 192 of the Code declares that "in all cases, when the property has been delivered to the plaintiff, where the jury shall find for the plaintiff, on an issue joined, or on inquiry of damages upon a judgment by default, they shall assess adequate damages to the plaintiff for the illegal detention of the property; for which, with costs of suit, the court shall render judgment for [against] defendant." Under the foregoing section, the plaintiff was entitled to have assessed all damages sustained by him by reason of the unlawful detention of the property by the defendants. He proved upon the trial substantial damages. Had he offered no evidence upon the subject, the other issues having been found in his favor, he would have been entitled to have nominal damages assessed. The court, it will be observed, failed to make a formal assessment of damages, the judgment, therefore, although not void, is erroneous. (*Doty v. Sumner*, 12 Neb., 378; *Connelly v. Edgerton*, 22 Neb., 82.) A judgment must conform to the findings. (*Black v. Winterstein*, 6 Neb., 224; *Search v. Miller*, 9 Neb., 26; *Bowers v. Rice*, 19 Neb., 576; *Lamb v. Briggs*, 22 Neb., 139.)

The defendant in error is given permission to file with the clerk of this court, within twenty days, a remittitur of

Appelget v. McWhinney.

all damages, and if such remittitur is so filed, the judgment will be affirmed; otherwise it will be reversed, and the cause remanded for a new trial.

JUDGMENT ACCORDINGLY.

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ANTHONY M. APPELGET V. MARY J. MCWHINNEY
ET AL.

FILED JUNE 26, 1894. NO. 5161.

1. When no motion for a new trial is made in an equity case, the sufficiency of the evidence to sustain the finding will not be reviewed on petition in error.
2. Review: BILL OF EXCEPTIONS. This court will not consider an assignment in a petition in error that the verdict of the jury, or the finding of the court, is not supported by the evidence, unless the evidence is before the court by a proper bill of exceptions.

ERROR from the district court of Johnson county. Tried below before BROADY, J.

T. Appelget, for plaintiff in error.

L. C. Chapman, contra.

NORVAL, C. J.

This was an action brought by plaintiff in error to foreclose a real estate mortgage. The district court found the issues in favor of the defendants, and dismissed the action. Plaintiff prosecutes a petition in error to this court, alleging the following grounds for reversal: . .

1. The findings and decree are not sustained by the evidence, and are contrary to law.

Jewell v. Chamberlain.

2. The findings and decree should have been in favor of the plaintiff and against the defendants.

This record presents no question for review, for two reasons :

1. No motion for a new trial was made in the lower court.

2. There is no bill of exceptions in the case preserving the testimony taken on the trial.

The rule is firmly established in this state that a motion for a new trial is necessary to obtain a review of the findings of the trial court in an equity cause, by proceedings in error. (*Dunham v. Courtney*, 24 Neb., 627; *Carlson v. Aultman*, 28 Neb., 672; *Gaughran v. Crosby*, 33 Neb., 33.) It is equally well settled that the supreme court will not consider an assignment in a petition in error that the verdict of the jury or the finding of the court is not sustained by sufficient evidence, unless the evidence is before the court by a proper bill of exceptions. (*Schroeder v. Rinehard*, 25 Neb., 75; *Leech v. Philpott*, 12 Neb., 577; *Roberts v. Hershisser*, 20 Neb., 594.) The judgment is

AFFIRMED.

W. H. JEWELL V. CHARLES M. CHAMBERLAIN.

FILED JUNE 26, 1894. No. 5253.

1. **Evidence:** SUBSCRIBING WITNESSES: SIGNATURES. In case a subscribing witness is absent from the county in which the suit is pending, or if he denies or does not recall the execution of the instrument to which his name is subscribed as such witness, its execution may be established by other competent evidence.
2. **Sufficiency of Evidence:** INSTRUCTIONS. *Held*, That the evidence sustains the verdict, and that there is no error in the charge of the court.

ERROR from the district court of Johnson county. Tried below before BROADY, J.

J. Hall Hitchcock, for plaintiff in error.

Chamberlain Bros. & Rood, *contra*.

NORVAL, C. J.

This is an action by Charles M. Chamberlain upon a promissory note calling for the sum of \$30.83, purporting to have been signed by W. H. Jewell. The petition alleges the execution and delivery of the note and the indorsement thereof by the payee to the plaintiff below, before maturity for a valuable consideration. The answer is a general denial. From a verdict and judgment in favor of the plaintiff, the defendant prosecutes error to this court.

The note in question purports to have been signed by the payee, George H. Dennett, as a witness. Upon the trial the plaintiff, in making out his case in chief, introduced evidence tending to show that plaintiff had made efforts to find said Dennett, but did not succeed in locating him, as he was not in the state at the time of the trial. Testimony was likewise adduced tending to prove the genuineness of Dennett's signature, both as a subscribing witness and as indorsee of the paper. Plaintiff then called as a witness one C. L. Rothell, who testified that he was acquainted with the defendant's handwriting; that he had seen him write his name frequently, and that the signature to the note as maker was the defendant's. It is insisted that no proper foundation was laid for the introduction of the above testimony of the witness Rothell, and section 343 of the Code is cited in support of the contention, which reads as follows:

"Sec. 343. When a subscribing witness is absent from the county in which the action is pending, denies, or does

Jewell v. Chamberlain.

not recollect, the execution of the instrument to which his name is subscribed as such witness, its execution may be proved by other evidence."

This statute authorizes a party to prove the execution of an instrument by evidence other than that of the subscribing witness thereto, in case such witness is absent from the county where the suit is pending, or where such witness, being present at the trial, denies, or does not recollect, the execution of the instrument. It was proven, as already stated, that Dennett, the person who signed the note as a subscribing witness, was not only out of the county where the trial was had, but was not in the state; hence the proper foundation was laid for the introduction of the evidence objected to.

It is claimed that the verdict is not sustained by sufficient evidence. Although the defendant, while upon the witness stand, testified that he did not sign the note in controversy, there was ample proof before the jury, introduced by the plaintiff in chief and upon rebuttal, to justify them in finding that he executed the note. (*Huff v. Nims*, 11 Neb., 363.)

Complaint is finally made of the following instruction: "The question of fact for you to determine is whether the defendant Jewell signed the note offered in evidence. If you find from the evidence that he did, you will find for the plaintiff the full amount of the note. If you fail to find from the evidence that defendant Jewell signed the note, you will find for the defendant." There is no room for doubt that the above charge is sound as an abstract proposition of law; indeed, defendant below does not urge that it is not, but maintains that there was no competent evidence before the jury upon which to base the instruction. This objection is fully met by our remarks upon the other assignments of error.

There being no reversible error in the record, the judgment is

AFFIRMED.

STATE OF NEBRASKA, EX REL. BOARD OF SUPERVISORS
OF HOLT COUNTY, v. G. C. HAZELET, COUNTY
CLERK.

41	257
41	263
41	257
51	720
41	257
61	417

FILED JUNE 26, 1894. No. 4993.

1. **Dismissal.** A plaintiff cannot, as a matter of right, dismiss his action after the final submission of the case to the court or jury. (*State v. Scott*, 22 Neb., 628.)
2. **Counties: FEES OF CLERK: DUTY TO COLLECT AND REPORT: MANDAMUS.** Where lands are seized on execution or order of sale, it is the duty of the county clerk of the county wherein such real estate is situated, on application of the sheriff in writing, to certify to the sheriff, under his seal of office the amount and character of all liens existing of record against said lands which are prior to the lien of the levy, and for which certificate and the necessary search therefor, said county clerk is authorized and required to collect and enter upon his fee book, and report to the county board, the sum of \$2, even though the labor of examining the records and preparing the certificate was performed out of office hours by an employe of the office, or some person other than the county clerk or his authorized deputy.
3. ———: ———: ———. A county clerk has no authority to charge for official services less than the fees prescribed by statute.

ORIGINAL application for *mandamus*.

E. W. Adams, for relator.

H. M. Uttley, *contra*.

NORVAL, C. J.

This is an application for a peremptory writ of *mandamus* to require the respondent, as county clerk of Holt county, to enter upon his fee book, and report to the county board of said county, the sum of \$2 for each and every certificate of liens furnished by the respondent to the sheriff of the county for the purpose of appraising lands

under executions and orders of sale. The cause was submitted to this court upon the petition and answer at the September term, 1892. Subsequently, the relator filed a motion to dismiss without prejudice to a future action. The first question therefore presented is whether the relator has the right, over the objection of the respondent, to dismiss the cause after the same had been finally submitted to the court upon the merits. Section 430 of the Code gives the plaintiff the right to dismiss his action without prejudice at any time "before the final submission of the case to the jury, or to the court, where the trial is by the court." There is no statutory provision conferring authority upon a plaintiff to withdraw his suit after the cause has been submitted to the court or jury. On the contrary, the right of a plaintiff to dismiss is limited by statute to the final submission of the case. (*State v. Scott*, 22 Neb., 628.) The motion to dismiss is therefore overruled.

The facts, briefly stated, are these: Respondent at the time of the commencement of the proceeding was the duly elected, qualified, and acting county clerk of the county of Holt, and during his term of office the sheriff of said county presented to the respondent numerous written applications, requesting him to certify under his hand and seal of office the amount and character of all liens and incumbrances disclosed by the records of his office upon lands about to be appraised and sold by the sheriff under executions and orders of sale; that pursuant to said applications numerous certificates, the exact number the record fails to disclose, were made out and certified to in the following manner: The examination of the records and preparing the certificates were performed by some clerk or employe in the county clerk's office, other than the respondent's deputy, after office hours; that after said examinations had been made and the certificates prepared, the respondent, or his regular constituted deputy, signed the same and attached thereto the seal of office, and the re-

spondent charged and received the sum of twenty-five cents, and no more, for each certificate, and he entered said sum upon the fee book kept in said office; that whatever sum has been paid by the sheriff for such certificates, in excess of the twenty-five cents, was paid to the person who performed the labor connected with the examination of the records and preparing said certificates, and not to the respondent, or his deputy. A single question is presented upon this relation, and that is whether the respondent is bound to enter upon his fee book and report to the county board the sum of \$2 for each certificate of liens furnished by him to the sheriff, instead of the sum of twenty-five cents, the actual amount of fees collected by him for such service. Section 42 of chapter 28, Compiled Statutes, provides, among other things, that every county clerk, whose fees shall exceed the sum of \$1,500, shall pay such excess into the county treasury of the proper county. By section 43 of said chapter it is made the duty of certain county officers, including the county clerk, to make a report to the county board quarterly, under oath, of the different items of fees received, from whom, at what time, and for what service, as well as the total amount of fees received by such officer since his last report, and also the amount received for the current year. Section 44 requires each officer named in the act to enter each item of fees collected upon a fee book furnished by the county. There is no room for doubt, under the sections above referred to, that it is the duty of each county clerk to keep a fee book, and to enter therein every item of fees received or earned by him for official services, and to make an accurate report of the same to the county board. The statute in that respect is mandatory. It does not exempt any officer governed by its provisions from reporting all the legal fees by him collected, and the courts are powerless to relieve him from performing that duty.

Section 491c of the Code of Civil Procedure declares:

"It shall be the duty of the county clerk, the clerk of the district court, and the county treasurer of the county * * * wherein such levy is made, for the purpose of ascertaining the amount of the liens and incumbrances upon the lands and tenements so levied upon, on application of the sheriff in writing, holding such execution, to certify to said sheriff, under their respective hands and official seals, the amount and character of all liens existing against the lands and tenements levied on, which are prior to the lien of such levy, as the said liens appear of record in their respective offices. For which certificate, and the necessary search therefor, said officer shall receive a fee of two dollars (\$2) each, to be paid by the plaintiff in the execution, and taxed as increased costs in the action in which the judgment on which execution was issued was rendered." It will be observed that we have a plain statutory enactment, not only requiring the county clerk, on application made to him by the sheriff of his county, to issue a certificate showing the liens and incumbrances which appear of record in his office against the real estate described in the application, but fixing the exact compensation which the clerk shall receive for such service. It is conceded that under and in pursuance of the requirements of said section 4910 of the Code, the respondent issued numerous certificates of incumbrance under the seal of his office, for which he collected and entered upon his fee book, the sum of twenty-five cents for each certificate, instead of the statutory fee of \$2 for each search and certificate.

It is insisted that since a portion of the services rendered, namely, the examination of the records and the preparing of the certificates of liens for the signature of the respondent or his deputy, were performed by an employe in the clerk's office outside of the usual office hours, the respondent was not required to collect the full statutory fee. We cannot conceive that it makes any difference when the services in question were actually performed, or whether

rendered by the respondent himself, or his authorized deputy, or a clerk in the office. In each case the services are official, and the principal is responsible for the accuracy of the work, and the statutory fees therefor, whether collected or not. Fees in excess of the statutory compensation allowed a county clerk do not go to the officer, but belong to the county. If such officer fails or neglects to collect the full fees authorized for services performed it is his loss, and he must duly account for the same to the county. In *State v. Kelly*, 30 Neb., 574, it was held that where a county clerk, who is also a notary public, takes acknowledgments of conveyances of real estate, as well as depositions and affidavits as a notary public, he must enter upon his fee book, as county clerk, and report to the county board, the fees paid him for such services. The case under consideration is not distinguishable in principle from the decision alluded to. To our mind it is clear that a county clerk cannot evade liability to his county for fees belonging to such office, even though the services are performed out of office hours, and that, too, by some one connected with the office other than the principal or his deputy. The respondent was authorized by law to make certificates of incumbrances, and the fees for such official duty is likewise fixed by statute.

But it is said the plaintiff in execution may waive the provisions of the statute relating to certificates of liens and incumbrances, and from which it argued that the plaintiff in execution, or sheriff, under his direction, may procure any person other than the county clerk to make the required search of the records in said office, and prepare the certificate of liens. The conclusion which counsel has drawn from the premises stated is unsound. The certificates of liens required by section 491c of the Code must be made by the officers therein named, or under their direction. The sheriff has no authority to apply to any person other than the officers designated by statute to search

the records or furnish the certificates of liens. The statute fixes the compensation as follows: "For which certificate, and the necessary search therefor, said officer shall receive a fee of \$2." This provision makes it mandatory upon the officer to charge and collect \$2 for each and every certificate of liens furnished by him, and the charging by the respondent of twenty-five cents for such services was without sanction of law. The argument that parties have the right to contract with officers for the charging of fees for the performance of official duties at a sum less than fixed by statute is unsound, as regards county officers, who are by statute required to turn into the treasury all fees earned by them in excess of a stipulated sum. The excess does not belong to the officer earning the same, but to the county, and such officer must charge the full statutory fees. This construction is manifest from a reading of section 45 of chapter 28 of the Compiled Statutes, which declares that: "Any of the officers named in section one of this act who shall omit to comply with the provisions of this act, or shall fail or neglect to keep a correct account of the fees by him received, or shall fail and neglect to make a report to the board of county commissioners as herein provided, or, shall willfully or intentionally omit to charge the fees provided by law, with intent to evade the provisions of this act, shall be deemed guilty of a misdemeanor," etc. We are constrained to hold that it was the duty of the respondent to charge and collect the full amount of fees authorized by statute for searching the records of his office and making certificates of liens, to enter the same upon his fee book, and make report thereof to the county board. It follows that a peremptory writ of *mandamus* should be granted as prayed.

WRIT ALLOWED.

STATE OF NEBRASKA, EX REL. BOARD OF SUPERVISORS
OF HOLT COUNTY, v. BARRETT SCOTT, COUNTY
TREASURER.

FILED JUNE 26, 1894. No. 4992.

Dismissal: FEES OF COUNTY OFFICERS: MANDAMUS. This cause is governed by the opinion filed herewith in *State, ex rel. Board of Supervisors of Holt County, v. Hazelet*, 41 Neb., 257.

ORIGINAL application for *mandamus*.

C. W. Adams, for relator.

H. M. Uttley, *contra*.

NORVAL, C. J.

This is a companion case to that of *State, ex rel. Board of Supervisors of Holt County, v. Hazelet*, 41 Neb., 257, decided herewith. The questions presented in both cases are in all respects the same. The opinion in that case is adopted in this, and, upon the authority of said opinion, a peremptory writ of *mandamus* is granted as prayed.

WRIT ALLOWED.

JAMES AIKEN v. STATE OF NEBRASKA.

FILED JUNE 26, 1894. No. 6723.

1. Indictment and Information: OBJECTIONS: WAIVER.

Objection to an indictment or information on the ground of duplicity must be made before verdict, or it will be held to have been waived.

41b	263
42	512
41b	263
46	609
41b	263
50	125
53	331
41b	263
56	693

2. ———. DIFFERENT CRIMINAL ACTS which constitute parts of the same transaction, such as burglary with intent to steal particular property, and larceny of the property described, may be charged in the same indictment or count thereof.

ERROR to the district court for Douglas county. Tried below before KEYSOR, J.

G. A. Rutherford and D. F. Osgood, for plaintiff in error.

George H. Hastings, Attorney General, for the state.

POST, J.

The plaintiff in error was convicted of the crime of burglary by the judgment of the district court of Douglas county, and which he now seeks to reverse by means of a petition in error addressed to this court.

The first proposition argued is that the indictment is bad for duplicity. The charge of burglary, which is in the usual form, is followed by the further allegation that "the said James Aikin and * * * then and there being in said storehouse nineteen pieces of English worsted of the value of \$275, and * * * the personal property of said Soren Larsen, then and there being found in said storehouse, feloniously and burglariously did steal, take, and carry away." To that contention a sufficient answer is that no objection was made to the indictment until after verdict. Where two or more distinct felonies, arising out of different transactions, are charged in the same indictment, the prosecutor will, on motion of the accused, be required to elect upon which charge he will proceed; but such objection must be made before trial and verdict, otherwise it will be waived. (*Thompson v. People*, 4 Neb., 524.)

2. The indictment is, however, free from the vice imputed to it. Where different criminal acts constitute parts of the same transaction, they may be charged in the same count. There are many illustrations of this rule, among

Esterly Harvesting Machine Co. v. Pringle.

which are burglary and larceny. It is permissible to charge a burglary only, as that the accused broke and entered with intent to steal property, and also a larceny, as that he then and there stole the property described; and such an indictment will sustain a conviction for either of the crimes charged. (1 Bishop, Criminal Procedure, 423, 439; *Breese v. State*, 12 O. St., 146; *State v. Brandon*, 7 Kan., 106; *State v. Hayden*, 45 Ia., 12; *State v. Brady*, 14 Vt., 353; *Commonwealth v. Tuck*, 20 Pick. [Mass.], 356; *Josslyn v. Commonwealth*, 6 Met. [Mass.], 236.)

3. It is contended, also, that the evidence is insufficient to sustain the conviction; but that contention is based upon the proposition that the jury should have accepted the testimony of the witnesses for the accused rather than of those for the state. It was for the jury to say which set of witnesses should be credited. There is no error in the record and the judgment is

AFFIRMED.

ESTERLY HARVESTING MACHINE COMPANY V.
WESLEY PRINGLE ET AL.

FILED JUNE 26, 1894. No. 5596.

Contracts: CONSIDERATION. Neither the promise to do nor the actual doing of that which the promisor is by law or subsisting contract bound to do is a sufficient consideration to support a promise in his favor.

ERROR from the district court of Perkins county. Tried below before CHURCH, J.

Grimes & Wilcox, for plaintiff in error.

Parsons & Logan, contra.

Post, J.

This was an action of replevin in the district court of Perkins county, by the plaintiff in error against the defendants in error, to recover possession of five Esterly harvesters and binders, seven Esterly mowers, and a miscellaneous lot of repairs and fixtures. The plaintiff's general ownership of said property was conceded, but defendants claimed possession by virtue of a lien thereon for freight and storage, as will hereafter appear. A trial was had in the district court, which resulted in a verdict and judgment for the defendants therein, and the cause was removed into this court for review upon allegations of error by the plaintiff. The material facts are as follows:

On the 20th day of February, 1890, the parties entered into an agreement in writing whereby the defendants undertook, as agents, to sell on commission the machinery of the plaintiff at Grant, in Perkins county. The provisions of said agreement, so far as material to the present controversy, are as follows:

"The party of the second part [defendants], for and in consideration of the appointment of such agency, which is hereby accepted, and for the further consideration of the commissions herein provided for, agree as follows:

"That said commissions shall be in full for all charges for handling, exhibiting, selling, setting up, starting, storing, and securing payments, also for all other business and expenses connected with the agency.

* * * * *

"That said agent is to receive and pay transportation from the factory on all machines, twine, and extras shipped him, and provide, immediately on their arrival, proper storage and careful protection of the same from sun, rain, and wind, and to keep them clean and bright until sold and delivered.

* * * * *

Esterly Harvesting Machine Co. v. Pringle.

"Or he will deliver the machines remaining on hand, complete and in good order at his depot, free from all freight and charges, as said first party may elect and demand. The said agent agrees that if any machines, twine, or extras remain unsold at or near the close of this season's sales, if either are ordered away, he will promptly deliver the same in good order at his depot free from all freight and charges; and the said agent is to keep the party of the first part harmless from all charges for storage, reshipping, cartage, and taxes, and to hold all unsold machines, and parts of machines, on hand for such time after the expiration of this contract (not to exceed one year) as may be desired by said party of the first part.

* * * * *

"The party of the second part hereby guaranties the sale in accordance with the terms of this contract, and the instructions herein contained, of all the machines herein ordered, and by him ordered, during the continuance of this contract, and promises and agrees that if any machines remain unsold on the 1st day of September, 1890, he will, at the option and upon the demand of the party of the first part, either execute and deliver to the party of the first part his two promissory notes, payable November 1, 1891, and November 1, 1892, with interest from August 1, 1891, each in a sum of principal equal to one-half the amount of said machines so remaining unsold at the prices named herein under head of 'List Prices and Commissions 1st,' less the 'commission' thereon, such notes to be indorsed by some responsible party or otherwise secured if required; or he will deliver the machines remaining on hand, complete and in good order, at his railroad depot free from all freight and charges, as said first party may elect and demand. The said agent agrees that if any machine twine or extras remain unsold at or near the close of this season's sales, if either are ordered away, he will promptly deliver same in good order at his railroad depot free from all

Esterly Harvesting Machine Co. v. Pringle.

freight and charges. And the said agent is to keep for storage, reshipping, cartage, and taxes, and to hold all unsold machines, and parts of machines, on hand for such time after the expiration of this contract (not to exceed one year) as may be desired by said party of the first part.

* * * * *

"Nothing herein contained shall be construed as allowing the party of the second part a lien on any part of the machines, twine, or extras, or proceeds thereof; it being expressly understood and agreed that the same is the property of the party of the first part, to be delivered it on demand."

The property in controversy was shipped to the defendants and received by them pursuant to the above agreement and remained unsold at the close of the season of 1890. During the month of October, 1890, there was a settlement between the parties of the business of that year and receipts given. In the month of June, 1891, the agreement not having been renewed, the plaintiff demanded the said property, which demand was refused, hence this action.

It is claimed that at the settlement mentioned Mr. Christensen, the plaintiff's agent, employed defendants to care for and store said machines and fixtures until the following April, and agreed that they should have a lien thereon for their storage charges, as well as the sum of \$116 for freight paid, less the sum of \$65 on account of a note executed by them in favor of the plaintiff. The agreement thus stated is denied by the plaintiff. It is further contended by the plaintiff that such promise, if made by Christensen, was in excess of his authority. To sustain their contention the defendants rely upon the testimony of Wesley Pringle, which, so far as it relates to the question under consideration, is as follows:

Q. You may state what, if anything, in the way of an agreement or contract you had with Christensen some time in October, when he was here and when you took the re-

ceipt in full, with reference to the machines that were left on hand.

A. The contract was this: There was a note in our settlement of \$65.90 that was made payable on or before the 1st of April. That note was to be liquidated when the company settled. They were to take the machinery away from us, or we were to become their agents, and we were to pay that note, and if they moved the machinery we were to get our freights out of it, as we had paid Sayers & Walker, and that was to offset the note, and we were to have what was coming to us in the settlement. That is the reason that I had this receipt in full on this contract.

Q. State whether or not any computation was made by you and Christensen at that time with reference to the amount of freight that you had paid.

A. No, sir; there was not a word said. We did not figure out exactly the amount of freight, but we were to take these goods and store them and keep them until they wanted them, until they were called for by their agent and our freight paid to us, and we were to settle up and turn over the repairs and machinery to our successors, as they were turned over to us by Sayers & Walker when we took the goods.

Q. State what was said about storage.

A. The storage was to be paid to us when our freight was paid to us and the goods turned over to somebody else, provided we were not their agents, and we sent and told him that we never would be their agent as long as Christensen was the general agent for the company.

In our consideration of the question at issue we have assumed the agreement for a lien to have been made by Christensen as alleged, and that such agreement is within the scope of the latter's authority as the plaintiff's agent; but does it follow that the defendants acquired a lien thereby upon the property which they can assert in this action as against the plaintiff's right of possession? We

Esterly Harvesting Machine Co. v. Pringle.

think not, for the reason that such agreement is not supported by any sufficient consideration. (The rule is elementary that neither the promise to do nor the actual doing of that which the promisor is by law or subsisting contract bound to do is a sufficient consideration to support a promise in his favor.) Pollock, Contracts, 177; 2 Parsons, Contracts, 437; Bishop, Contracts, 420; *Deacon v. Gridley*, 15 C. B. [Eng.], 295; *Bartlett v. Wyman*, 14 Johns. [N. Y.], 260; *Reynolds v. Nugent*, 25 Ind., 328; *Ayres v. Chicago, R. I. & P. R. Co.*, 52 Ia., 478; *Conover v. Stillwell*, 34 N. J. Law, 54; *Hennessey v. Hill*, 52 Ill., 281; *Withers v. Ewing*, 40 O. St., 400.) It is apparent from the agreement set out above that the defendants had in the most explicit terms obligated themselves to store and care for the property in controversy for one year from the expiration thereof. They had also, in no uncertain language, stipulated that they should not have a lien upon said property, but would deliver it to the plaintiff on demand. Being bound by the terms of their own valid undertaking to render the services contemplated by the agreement with Christensen, it follows that the promise of the latter is *nudum pactum*. The agreement upon which defendants rely to support their alleged lien being void for want of consideration, the court should have directed a verdict for the plaintiff. The judgment is accordingly reversed and the cause remanded for further proceedings in the district court.

REVERSED AND REMANDED.

**JAMES R. FOREE, APPELLEE, V. JOHN J. STUBBS ET AL.,
APPELLANTS.**

FILED JUNE 26, 1894. No. 5358.

1. **Quieting Title: PURPOSE OF STATUTE: MULTIPLICITY OF SUITS.** The purpose of the act of 1873, entitled "An act to quiet title to real estate" (secs. 57, 58, 59, ch. 73, Comp. Stats.), was to abolish the fiction of constructive possession and prevent a multiplicity of suits, by a determination in one action of the rights of all persons asserting title to real estate.
2. ———: **RIGHT TO MAINTAIN ACTION.** Any person claiming title to real property in this state, whether in or out of possession, may maintain an action against any person or persons claiming adversely, for the purpose of determining such estate and quieting title. (*Holland v. Challen*, 110 U. S., 15.)
3. ———: ———. The fourth proposition in the syllabus of the case of *State v. Sioux City & P. R. Co.*, 7 Neb., 357, overruled.
4. **Taxes: LIEN ON REAL ESTATE: DESIGN OF STATUTE.** The provision of the revenue law by which taxes are declared to be a perpetual lien is designed for the benefit of the state and the different municipalities which are authorized to provide revenue by taxation.
5. **Purchasers of property at tax sales,** whether for investment or for the purpose of securing title thereto, must look to the remedy prescribed by statute.
6. **Foreclosure of Tax Liens: LIMITATION OF ACTIONS.** The limitation of the revenue law with respect to the period within which an action must be brought to enforce a tax lien does not relate to the remedy merely, but to the cause of action. (*Alexander v. Shaffer*, 38 Neb., 812.)

APPEAL from the district court of Burt county. Heard below before IRVINE, J.

W. A. Redick and *N. J. Sheckell*, for appellants:

The plaintiff cannot maintain this suit to quiet title because he has neither the legal title nor the actual possession

41	271
143	497
41	271
147	118
47	798
41	271
54	16
54	152
41	271
56	658
41	271
61	91

Force v. Stubbs.

of the land. (*State v. Sioux City & P. R. Co.*, 7 Neb., 357; *Snowden v. Tyler*, 21 Neb., 199.)

Conceding, for the purpose of argument, that plaintiff's title is sufficient to maintain the action, the court ought to have required him to pay the tax liens and interest, as a condition of equitable relief, notwithstanding the liens are barred by statute. (1 Pomeroy, Equity Jurisprudence, secs. 385, 388; *Sturgis v. Champneys*, 5 M. & C. [Eng.], 97; *Crawford v. Galloway*, 29 Neb., 261; *Loney v. Court-riay*, 24 Neb., 580; *Hunt v. Easterday*, 10 Neb., 165; *Wygant v. Dahl*, 26 Neb., 562; *Comstock v. Johnson*, 46 N. Y., 615; *Tripp v. Cook*, 26 Wend. [N. Y.], 143; *McDonald v. Neilson*, 2 Cow. [N. Y.], 139; *Casler v. Shipman*, 35 N. Y., 533; *Finch v. Finch*, 10 O. St., 501; *Hanson v. Keating*, 4 Hare [Eng.], 1; *Whitaker v. Hall*, 1 Glyn & Jam. [Eng.], 213; *Colvin v. Hartwell*, 5 C. & F. [Eng.], 484*; *Wood v. Helmer*, 10 Neb., 65; *Harrison v. Haas*, 25 Ind., 281.)

Montgomery, Charlton & Hall, contra:

The statute requires neither actual possession nor legal title to be in plaintiff. (Comp. Stats., sec. 57, ch. 73.)

A lien upon land for taxes is unknown unless provided by express legislative authority. The method of enforcement and the duration of the lien are dependent upon statutes. (Cooley, Taxation [1st ed.], 305; Burroughs, Taxation [1st ed.], 271, 272; *Heine v. Levee Commissioners*, 19 Wall. [U. S.], 655; *Kirkwood v. Magill*, 6 Kan., 540.)

A statute giving a lien and a remedy for its enforcement must be strictly construed. (*Creighton v. Manson*, 27 Cal., 614.)

Equity cannot give assistance where the statute has provided another remedy. (*People v. Biggins*, 96 Ill., 481.)

Equity cannot give a remedy to one who has failed to avail himself of the remedy provided by law. (*Methodist Protestant Church v. Mayor and City Council of Baltimore*, 6 Gill [Md.], 391.)

The right to foreclose the tax liens expired after five years and the certificates are of no force. (*Parker v. Matheson*, 21 Neb., 546; *D'Gette v. Sheldon*, 27 Neb., 829; *Alexander v. Wilcox*, 30 Neb., 793; *Warren v. Demary*, 33 Neb., 327.)

A court of equity has no arbitrary power to grant relief independent of the settled rules of law and equity. (*Hanson v. Keating*, 4 Hare [Eng.], 1; *Whitaker v. Hall*, 1 Glyn & Jam. [Eng.], 213.)

Post, J.

Two questions are presented by the record of this case, viz.: First—Will an action lie by a party out of possession of real estate, but claiming an interest therein, to quiet his title as against one in possession? Second—Will the plaintiff, in an action to quiet title as against one in possession, be required, as a condition to the relief sought, to discharge tax liens held by the defendant but which are barred by statute?

We are embarrassed somewhat in the consideration of the question first stated by the decision of this court in *State v. Sioux City & P. R. Co.*, 7 Neb., 357. In that case it was held that in order to maintain an action to quiet title by one out of possession the legal title is indispensable; and such is conceded to be the rule, particularly in those jurisdictions where the distinction between legal and equitable remedies is still recognized, although it is rejected by courts of high standing as applied to our system, where the relief depends upon the facts proved rather than the form of action. The question is, therefore, to what extent the rule, as stated, has been modified by statute in this state? By the first three sections of the act of 1873, entitled "An act to quiet title to real estate" (secs. 57, 58, 59, ch. 73, Comp. Stats.), it is provided:

"Section 1. That an action may be brought and prosecuted to final decree, judgment, or order, by any person or

Foree v. Stubbs.

persons, whether in actual possession or not, claiming title to real estate, against any person or persons, who claim an adverse estate or interest therein, for the purpose of determining such estate or interest, and quieting the title to said real estate.

"Sec. 2. All such pleadings and proofs and subsequent proceedings shall be had in such action now pending or hereafter brought, as may be necessary to fully settle and determine the question of title between the parties to said real estate, and to decree the title to the same, or any part thereof, to the party entitled thereto; and the court may issue the appropriate order to carry such decree, judgment, or order into effect.

"Sec. 3. Any person or persons having an interest in remainders or reversion in real estate shall be entitled to all the rights and benefits of this act."

It is argued that the construction given that act in *State v. Sioux City & P. R. Co.*, *supra*, is too narrow, notwithstanding the term "actual possession," as used in the first section. The evident purpose thereof, it is contended, was to abolish the fiction of constructive possession and prevent a multiplicity of suits by a determination in one action of the rights of all persons asserting title, whether in or out of possession. That contention finds support in the case of *McDonald v. Early*, 15 Neb., 63, in which it was held that an action to quiet title would lie for the purpose of determining the rights of parties, neither of whom claimed to hold the legal title; and in the opinion of the court it is declared that the object of the statute "was to extend the benefit of the common law in actions of this character to persons claiming title to real property, although not in possession thereof."

The same statute was before the supreme court of the United States for construction in the case of *Holland v. Challen*, 110 U. S., 15, where, after a careful consideration of the subject, the doctrine of *State v. Sioux City & P. R.*

Force v. Stubbs.

Co. was rejected. The law of this state is there declared to be that "any person claiming title to real estate, whether in or out of possession, may maintain a suit against one who claims an adverse estate or interest in it, for the purpose of determining such estate and quieting the title." The question was subsequently presented in *Arndt v. Griggs*, 134 U. S., 316, where *Holland v. Challen* was cited and followed. Referring to our statute in the last named case, the court says: "It is certainly for the interest of the state that this jurisdiction of the court should be maintained and that causes of apprehended litigation respecting real property necessarily affecting its use and enjoyment should be removed, for so long as they remain they will prevent improvement and consequent benefit to the public. It is a matter of every-day observation that many lots of land in our cities remain unimproved because of conflicting claims to them. The rightful owner of a parcel in this condition hesitates to place valuable improvements upon it, and others are unwilling to purchase it, much less to erect buildings upon it, with the certainty of litigation and possible loss of the whole. * * * To meet cases of this character statutes like the one of Nebraska have been passed by several states, and they accomplish a most useful purpose;" and the provision there referred to was held by the same court in *Reynolds v. Crawfordsville First Nat. Bank*, 112 U. S., 405, to mean the same as an Indiana statute authorizing an action to determine and quiet title to real estate by one having an interest therein, whether in or out of possession.

Under a statute of Arkansas, which, like ours, provides that "an action may be brought and prosecuted to final decree, judgment, or order by any person or persons, whether in actual possession or not, claiming title," etc., it was held in *Love v. Bryson*, 57 Ark., 589, that an action to quiet title would lie by the real owner, although out of possession, *Holland v. Challen*, *supra*, being cited with ap-

proval; and to the same effect are *Wofford v. Bailey*, 57 Miss., 239; *Paxton v. Valley Land Co.*, 67 Miss., 96; *Mason v. Black*, 87 Mo., 329; *Connecticut Mutual Life Ins. Co. v. Smith*, 22 S. W. Rep. [Mo.], 623.

It is suggested, too, that the Ohio cases cited in *State v. Sioux City & P. R. Co.* are not authority for the conclusion therein, since they rest upon a statute materially different from ours. There is force in that argument, as the Ohio statute then in force limited the right of action to "any person in possession by himself or tenant." In no other state, we believe, has a statute like that under consideration been held to exclude from its operation a party who in good faith seeks to assert an equity in lands as against a defendant in possession. We could not consent to the reversal of a rule of this court, particularly one that has become a rule of property, simply because it is rejected by the United States courts for this jurisdiction, however much a conflict with those courts is to be deplored; but where we entertain a settled conviction of the soundness of the rule which prevails in the courts of the United States, uniformity of construction is a strong inducement for the abandonment of a conflicting rule by this court. It follows that the plaintiff, although out of possession, was entitled to maintain the action to quiet his title, and that the case of *State v. Sioux City & P. R. Co.*, so far as it is in conflict with the rule herein stated, is overruled.

2. Should the plaintiff have been required, as a condition to relief, to discharge the tax liens against which the limitations of the statute had run? That question we regard as fully settled by the following decisions of this court: *Helphrey v. Redick*, 21 Neb., 80; *D'Gette v. Sheldon*, 27 Neb., 829; *Warren v. Demary*, 33 Neb., 327; *Alexander v. Shaffer*, 38 Neb., 812. The doctrine of those cases is that the provision of the revenue law by which taxes are declared to be a perpetual lien is for the exclusive benefit of the state and the different agencies thereof which are

State v. Bartley.

authorized to raise revenue by taxation for public purposes. It follows that purchasers of property at tax sales, whether for investment or with the view of securing title, must look to the remedy prescribed by statute. As said in *Alexander v. Shaffer*, "the limitation fixed in the revenue law is not merely a limitation as to the right of action, but it is a limitation upon the duration of the lien itself, and that upon the expiration of the period it is not merely the remedy to enforce the lien which expired, but the lien itself is extinguished absolutely." As the defendant had no lien, the district court was right in holding that he had no equities which could be enforced in this action. The maxim, "He who seeks equity must do equity," should never be so applied as to require performance by the plaintiff of acts not imposed upon him by established principles of law or equity. (*Alexander v. Shaffer, supra.*) It follows that the judgment of the district court is right and is

AFFIRMED.

**STATE OF NEBRASKA, EX REL. STULL BROTHERS, V.
JOSEPH S. BARTLEY, STATE TREASURER.**

FILED JUNE 26, 1894. No. 6953.

1. **Statutes: CONSTITUTIONAL LAW.** Courts will not hesitate to declare invalid acts of the legislature when found to be in substantial conflict with the fundamental law of the state.
2. ———: ———. The fact that a statute is within the letter of the constitution is not sufficient. It must also be in substantial compliance with the spirit and purpose thereof.
3. ———: ———. An act which violates the true meaning and intent of the constitution and is an evasion of its general express or plainly implied purpose is as clearly void as if in express terms prohibited.

State v. Bartley.

4. **Constitutional Law: PERMANENT SCHOOL FUND: TRANSFER TO OTHER FUND.** The prohibition of section 9 of article 8 of the constitution, against the transfer of the permanent school fund to any other fund, is an express limitation upon the powers of the legislature; and the restraint thus imposed cannot be disregarded upon the pretense of a supposed necessity resulting from a change of conditions, or in deference to the judgment of the legislature.
5. ———: **TRANSFER OF FUNDS: STATE TREASURER.** By the act of 1891, amendatory of section 25, article 1, chapter 80, Compiled Statutes, it was provided that the state treasurer should pay warrants drawn against other funds out of the permanent school fund, and hold them as an investment of the permanent school fund. *Held*, To contemplate a transfer of that fund to other funds, and, therefore, in conflict with section 9, article 8, of the constitution.
6. **Permanent School Fund.** By the provision of the constitution above cited the state is made the trustee of the permanent school fund.
7. ———: **INVESTMENT IN STATE WARRANTS.** If, as trustee for said fund, the state desires to invest the same in state warrants, it must do so on terms of equality with other investors, and cannot enforce the sale to it by holders of such securities.
8. **State Treasurer: LIABILITY FOR TRANSFER OF FUNDS.** An act of the legislature for the transfer of the permanent school fund to the general fund of the state is no protection to the treasurer, and the latter is liable to the school fund for all money disbursed in pursuance of such an act.
9. ———: **DUTY TO REGISTER WARRANTS.** It is the duty of the treasurer, on demand of the holder, to register state warrants in the order presented, when not paid for want of funds.
10. ———: **WARRANTS ON GENERAL FUND: RIGHTS OF HOLDERS.** The holder of general fund warrants is not required to receive in payment thereof money known to belong to the permanent school fund, where such payment would amount to a misappropriation of such fund by the treasurer.

ORIGINAL application for *mandamus*.

C. C. Flansburg, for relators.

George H. Hastings, Attorney General, for respondent.

Post, J.

This is an original application for a writ of *mandamus* to require the respondent, as state treasurer, to register certain general fund warrants, and is submitted upon the following stipulation:

"It is hereby stipulated and agreed by and between the parties hereto, for the purpose of this case, and as the facts upon which the same is to be determined, that William Stull and Louis Stull are partners doing business under the firm name of Stull Bros., in the city of Lincoln, Nebraska; that the respondent is the duly elected, qualified, and acting treasurer of the state of Nebraska, and has been such ever since about the 14th day of January, 1893; that by the proper officers, and under the authority of law, there was duly and regularly issued the state warrants in the plaintiff's petition set forth, payable out of the general fund of the state of Nebraska, delivered to the persons in whose favor they were drawn, as in said petition set forth, and that said persons duly indorsed their names upon the back of said warrants and sold and delivered them to the said Stull Bros. for the amount of the face of the warrants and a premium of one per cent over and above their face value; that the said Stull Bros., prior to the 14th day of May, 1894, purchased all of the said warrants in the said petition set forth, as hereinbefore stipulated, and the same were made payable to the order of said Stull Bros., by indorsement, and thereupon the said Stull Bros., on the said 14th day of May, became and were the legal holders and owners of the said warrants, and still hold and own the same; that on the 14th day of May, aforesaid, the said Stull Bros. duly presented the warrants, in their petition described, to the respondent Joseph S. Bartley at the state treasury in the city of Lincoln; that at said time the said Stull Bros. inquired of the said Joseph S. Bartley if there was any money in the general fund upon which said warrants were drawn for

the payment of the same, and the said Joseph S. Bartley replied that there was no money in the said general fund for their payment, but at the same time offered to pay to said Stull Bros. the face of said warrants out of the moneys belonging to the permanent school fund of the state of Nebraska, under and by virtue of the authority of a resolution passed by the board of commissioners for the sale, leasing, and general management of all lands and funds set apart for educational purposes, and for the investment of school funds; that thereupon the said Stull Bros. declined to accept the face of said warrants, and upon learning that there was no money in the general fund of said state for the payment of said warrants, demanded that the same be registered for payment; that the said state treasurer (respondent herein, Joseph S. Bartley) refused to register the same, but offered to pay the face of said warrants to the said Stull Bros. and hold the same as an investment for the permanent school fund, under the instructions of the said resolution heretofore referred to; that there was in fact no money in the general fund for the payment of the said warrants, and is not at the present time, and upon the refusal of the said Stull Bros. to accept the amount of the face of said warrants and deliver them over to the treasurer as an investment of the school fund aforesaid, the said Joseph S. Bartley, treasurer as aforesaid, refused to register the same; that on the 10th day of May, 1894, at the regular meeting, the board of educational lands and funds duly passed and adopted a resolution authorizing the investment of the sum of \$250,000 in current unregistered warrants of the state, a copy of which said resolution is hereto attached, marked 'A'; that said warrants, and all of them, were duly issued in pursuance of an appropriation duly made and secured by the levy of tax for their payment."

The resolution above referred to is in the following language :

•

"Resolved, That the sum of two hundred thousand dollars of the permanent school fund of the state of Nebraska, or as much thereof as may be necessary, be, and hereby is, set apart from which to pay outstanding warrants drawn upon the general fund, which warrants are registered and bearing numbers from Nos. 13292 to 16000, inclusive, together with accrued interest, it being determined by this board that said warrants are drawn in pursuance of an appropriation made by the legislature and secured by the levy of a tax for their payment, and therefore are state securities; and the state treasurer is instructed to at once notify the several parties in whose names said warrants are registered of his readiness and purpose to pay said warrants, so that interest on the same shall cease, as provided in chapter 93 of the Compiled Statutes of Nebraska, and when so paid the warrants shall be held by the treasurer as an investment of the permanent school fund, and shall be stamped and signed as provided by law.

"Resolved, also, That the further sum of two hundred and fifty thousand dollars of the permanent school fund of the state, or as much thereof as may be necessary, be, and is hereby, set apart from which to pay current unregistered warrants already drawn, as well as those which may hereafter be drawn, against the general fund under appropriations made at the last legislature, it being determined by this board that such appropriations are secured by a levy of tax for their payment; and the state treasurer is hereby directed to pay such warrants as they may be presented at the state treasury, and stamp, sign, and hold the same as an investment of the permanent school fund, as provided by statute.

"Resolved, further, That the state treasurer, a member of this board, be, and hereby is, empowered to act in its behalf in determining any questions as to the genuineness and ownership of any and all warrants presented under the foregoing two resolutions, and when in doubt he will

refer the matter to the chairman, to be submitted to the board for its decision."

Two questions are presented by the facts stated, viz.: First—Does the foregoing resolution contemplate a transfer of a part of the permanent school fund to the general fund of the state within the prohibition of section 9, article 8, of the constitution? Second—Conceding the action of the state board to be in effect a transfer *pro tanto* of the permanent school fund, and, therefore, violative of the constitution, will the relators be heard in this action to complain, inasmuch as the respondent offers to pay their warrants in full? The section of the constitution above referred to reads as follows: "All funds belonging to the state for educational purposes, the interest and income whereof only are to be used, shall be deemed trust funds held by the state, and the state shall supply all losses thereof that may in any manner accrue, so that the same shall remain forever inviolate and undiminished; and shall not be invested or loaned except on United States or state securities, or registered county bonds of this state; and such funds, with the interest and income thereof, are hereby solemnly pledged for the purposes for which they are granted and set apart, and shall not be transferred to any other fund for other uses." By section 25, article 1, of chapter 80, Compiled Statutes, as amended in 1891, it is provided that the board of educational lands and funds shall, at their regular meetings, make the necessary orders for the investment of the principal of the fund derived from the school lands of the state in United States or state securities and registered county bonds; "Provided, That when any state warrant issued in pursuance of an appropriation made by the legislature, and secured by the levy of a tax for its payment, shall be presented to the state treasurer for payment, and there shall not be money in the proper fund to pay said warrant, the state treasurer shall pay the amount due on said warrant from any funds in the state treasury belonging

State v. Bartley.

to the permanent school fund, and shall hold said warrant as an investment of said permanent school fund," etc.

It is clear that by the foregoing resolution the state board intended to give effect to this statute. The real controversy therefore is with respect to the validity of the act of 1891, having for its object the investment of the permanent school fund. In *State v. Bartley*, 40 Neb., 298, that act was before us, where it was held that in so far as it was sought thereby to confer upon the treasurer alone authority to invest the permanent school fund, it is in conflict with the provisions of section 1, article 8, of the constitution. We are constrained to hold, after a careful consideration of the subject, that said act provides in substance for a transfer to the general fund of the permanent school fund of the state, and is, therefore, in conflict also with the section of the constitution above set out. It is a well settled and salutary rule that nothing but a clear and manifest violation of the constitution will justify the judicial annulment of the legislative will. It is, however, quite as well established that courts will not hesitate to condemn acts when found to be in substantial conflict with the fundamental law of the land. An elementary rule of construction is that an act which violates the true meaning and intent of the constitution is so much within its prohibition as if it were a violation of the strict letter thereof; and an act in evasion of the constitution, as properly interpreted and understood, and frustrating its general, express, or plainly implied purpose, is as clearly void as if in express terms forbidden. (*People v. Allen*, 42 N. Y., 404; *People v. Albertson*, 55 N. Y., 50; *Wenzler v. People*, 58 N. Y., 516; *District Court Case*, 34 O. St., 440; *People v. Parks*, 58 Cal., 635.)

That no adequate provision is made for the profitable investment of our rapidly increasing permanent school fund is a fact greatly to be deplored; but the provision against the transfer of that fund is an express limitation

upon the power of the legislature; and a disregard of the restraint thus imposed cannot be sanctioned upon any pretense of a supposed necessity resulting from a change of conditions or in deference to the judgment of the legislature. We shall not argue to prove that an act which provides for the defraying of current expenses of the state, and the enforced payment of outstanding general fund warrants from the permanent school fund, is a transfer of that fund. The fact that such a transaction is by the legislature denominated an investment is wholly immaterial. Suppose the declared purpose of the act had been to use the fund in question for payment of salaries of the executive and judicial officers of the state and members of the legislature. Who can doubt that it would have been a flagrant violation of the constitution? Yet by no process of reasoning can it be proved that the character of the transaction is altered by calling it an investment instead of transfer. We must not, however, be understood as holding that warrants against the general fund are not state securities within the meaning of the constitution. Although that question is not presented by this record, following *In re State Warrants*, 25 Neb., 659, and *State v. Bartley*, *supra*, we assume them to be legitimate investments for the permanent school fund; but if the state, as trustee for said fund, desires to invest in that class of securities, it is required to do so on terms of equality with other investors. We are aware of no precise legal definition of the term "investment" as applied to money. In common speech it means the loaning or putting out of money at interest so as to produce an income. (*People v. Utica Ins. Co.*, 15 Johns. [N. Y.], 358; *Scott v. Depeyster*, 1 Edw. Ch. [N. Y.], 513; *Shoemaker v. Smith*, 37 Ind., 122.) It implies the contractual relation of purchaser and seller or borrower and lender, and in that sense it is employed in the constitution. It follows that the state, in its relation as trustee, can no more require the holder of state warrants to part with them than

it can enforce the sale by a citizen of any other species of property.

It remains to be determined whether these relators have any standing in court in view of the respondent's offer to pay their warrants. We have seen that the money which it was proposed to use for that purpose is declared to be a trust fund and that such an application thereof is not only a breach of the trust imposed upon the state, but a palpable violation of the constitution. For such a misappropriation of that fund neither the act of the legislature nor the resolution would afford protection to the state board, the treasurer, or the relators. A more radical but quite as fair a statement of the respondent's position is that the state can discharge its obligations to creditors by requiring them to receive in payment money held by it as trustee and for which they could be called upon at any time to account, a proposition as unsound in law as it is in morals, and not deserving of further consideration in this connection. It is proper to observe, in conclusion, that relief on the line of the act here considered cannot, in view of the restrictions upon the power of the legislature, be attained by statutory enactments, but must be sought through a change in the fundamental law of the state. The peremptory writ of *mandamus* is allowed as prayed.

WRIT ALLOWED.

KIRKENDALL, JONES & CO. V. E. F. DAVIS, SHERIFF.

FILED JUNE 26, 1894. No. 5334.

41	285
41	697
41	285
44	620
41	285
45	617

1. An assignment of error, as to the admission of incompetent, irrelevant, and immaterial evidence at the trial of a cause, will not be considered in this court unless the particular rulings so claimed to be erroneous are specifically pointed out in an assignment of error in the petition in error.

Kirkendall v. Davis

2. The verdict of the jury on the trial of a cause, based upon conflicting testimony, will not be disturbed by this court unless manifestly wrong.
3. **Estoppel: SALES: ATTACHMENT: REPLEVIN.** Where a stock of boots and shoes were ordered shipped to a firm, unknown to them, by one claiming to act as their agent, but who was in no way authorized so to act, and such firm received and paid the freight on said stock, and, after holding them for about thirty days, allowed the party so ordering the goods to remove them from their store and to another town, and a creditor of a firm, of which such party was formerly a member, attached the goods, and upon inquiring of the firm making the original shipment was told by a member of the firm that they claimed no title to the goods, and they would make no interference in the attachment proceedings and further advised the prosecution of the attachment proceedings to judgment and sale, *held*, that such statements made to the representative of the attaching creditors, where he, on the strength of said statements, incurred in their behalf additional expenses in prosecuting the proceedings in attachment, worked an estoppel of the shipper of said goods, and concluded the firm from setting up a title to them in a subsequent action of replevin to recover the possession of the goods from the officer holding them by virtue of the levy of writs issued in said attachment proceedings.

ERROR from the district court of Gage county. Tried below before BROADY, J.

Griggs, Rinaker & Bibb, for plaintiffs in error, cited: *School District v. Randall*, 5 Neb., 411; *Hoitt v. Holcomb*, 3 Foster [N. H.], 554; *Hardman v. Booth*, 1 H. & C. [Eng.], 893; *Dean v. Yates*, 22 O. St., 389; *De Nayer v. State Nat. Bank*, 8 Neb., 104; *Strauss v. Minzesheimer*, 78 Ill., 493; *Behrens v. Germania Fire Ins. Co.*, 19 N. W. Rep. [Ia.], 839; *Powell v. Rogers*, 105 Ill., 318; *Reed v. Bagley*, 24 Neb., 336.

R. W. Sabin, *contra*, cited: *Heyn v. O'Hagen*, 26 N. W. Rep. [Mich.], 861; *Sandwich Mfg. Co. v. Shiley*, 15 Neb., 109; *Meister v. Birney*, 24 Mich., 435; *Goodman v. Kennedy*, 10 Neb., 273; *Bardwell v. Stubbett*, 17 Neb., 485.

HARRISON, J.

This is an action of replevin commenced in the county court of Gage county, and, from a judgment there rendered, appealed to the district court. The relief sought was to obtain possession of eleven boxes of boots and shoes and slippers, of the alleged value of \$379.54, which had been seized by the defendant, the sheriff of Gage county, by virtue of a writ or writs of attachment. The petition filed was in the usual form. Defendant, for answer, filed a general denial as to all the allegations of the petition, excepting the one as to the value of the property. There was a trial to the court and a jury, a verdict for defendant. Plaintiffs filed a motion for a new trial, which was overruled, and judgment rendered for defendant, to reverse which the plaintiff has prosecuted petition in error to this court.

One assignment of error, which is argued by counsel for plaintiffs in error in brief filed, is that the court erred in overruling the objection of plaintiffs to incompetent, irrelevant, immaterial evidence offered by the defendant. It has been held that it is sufficient, in a motion for a new trial, to assign an alleged error in the admission or exclusion of testimony in this general manner. (See *Labaree v. Klosterman*, 33 Neb., 156, and *Davis v. Getchell*, 32 Neb., 808.) But in both of these cases it is further held that such an assignment of error is not proper or permissible in a petition in error; that in the latter the particular rulings which are claimed to be erroneous must be pointed out specifically. The above assignment of error is too general and does not entitle the plaintiffs in error to have the errors in admitting the testimony, if any, reviewed.

The only other assignment of error which is argued and insisted upon is, that the verdict is contrary to the evidence and the law. The evidence disclosed that one J. W. Wright was negotiating with the firm of Le Gros, Bigelow & Co., of Lincoln, Nebraska, with a view to becoming a member

Kirkendall v. Davis.

of the firm; that during the time that the negotiations were in progress he went to Omaha and ordered the goods in controversy of the plaintiffs, stating that he was buying for Le Gros, Bigelow & Co., and ordered them forwarded to the firm, which was done. The goods were received by Le Gros, Bigelow & Co. at their place of business in Lincoln, and the freight paid by the firm, although the testimony further shows that they did not understand why the goods should have been shipped to them, and that in a conversation between members of the firm, in reference to the goods while they were on the sidewalk, where they had been deposited by the drayman when brought from the depot, one of them remarked that they probably were goods which had been ordered by Wright. The boxes containing the goods were taken into the store-room of the firm and there placed with some other boxes of similar goods belonging to Wright, which he had been allowed to store there and were not opened. Soon afterwards the negotiations between the firm and Wright were broken off and Wright took his departure for Horton, Kansas, to which point he shipped the goods which had been stored in the room of the firm, including the cases of boots, etc., in controversy in this suit. In the meantime the Lincoln firm had notified plaintiffs of the receipt of the goods, and the further fact that they had not ordered them; but they allowed Wright to remove them, interposing no objections to such action on his part. We think, unquestionably, that the manner in which the goods were obtained by Wright from plaintiffs constituted a fraud as against them, for he very clearly had no authority to order them as he did, in the name of or for Le Gros, Bigelow & Co.; and further, that it is fair to conclude that the order was so given on his part with the purpose and intent of thus obtaining possession of the goods, and without paying for them; and the title to the goods did not pass but remained in plaintiffs, and they could pursue the goods and take them by replevin, if found

in specie, from Wright or from the attaching creditors; and if they had not, by their words or actions, destroyed this right, it existed at the commencement of this suit. A Mr. White, who represented one of the attaching creditors of Wright & Flanagan, at whose instance the writ levied upon the goods, and upon which the sheriff's right to hold them was predicated, gives the following evidence:

Q. After you had caused the goods to be attached, did you go to Omaha and see Kirkendall, Jones & Co.?

A. Yes, I did. I made two trips. I did not see them the first time. I went to ascertain from them whether he was going to lay any claim for the goods or whether they would fight me on an attachment suit. Mr. Coe said: "We have nothing to do with this case. We shipped those goods to Le Gros, Bigelow & Co., and they are their goods, and we shall collect from them when it is due;" and he said: "My advice is to go right on and sell them. We have nothing to do with that. They have held the goods there for thirty days, and we shall collect from them when it is due."

Q. What was said about Le Gros receiving and paying the freight on them?

A. He said: "He has received the goods and paid the freight and we have nothing to do with them. The title has passed from us."

Q. What did you do?

A. I came right back and commenced proceedings here.

Q. Did you go to any expense after that towards going ahead with the proceedings?

A. I paid out quite a lot of money.

Plaintiffs object to that and ask to have that answer stricken out. Objection overruled. Exception taken.

Q. About what expense did you cause to be done and were you put to by reason of their telling you to go ahead?

Objected to, as immaterial, incompetent, and irrelevant. Objection overruled. Exception taken, for the reason stated.

Kirkendall v. Davis.

A. I think—my recollection of it is that I paid out in the neighborhood of \$30 after that.

Q. Did you make a trip back to Beatrice and give instructions in relation to it at that time?

A. Yes; I made two trips.

Q. I mean after you had seen Mr. Coe and had this conversation. Did you then go back to Beatrice?

A. Yes; I did go back to Beatrice.

Plaintiffs move to have that stricken out. Motion overruled. Exception taken.

Q. Do you know whether the goods had been advertised for sale when you got back?

A. Yes; they were advertised before I got back. I came on to attend the sale. It was some time in June then.

Q. You went on to see Kirkendall & Jones, to see if it was safe to go ahead?

A. Yes; I went to see what grounds I stood on before I incurred any expenses.

Q. Did you tell them what you had found?

A. Yes; that I had found eleven cases of goods, and he said we sold those goods to Le Gros, Bigelow & Co. and shall look to them for the pay.

The member of the firm of plaintiffs with whom this conversation is testified to have occurred states that he saw and talked with Mr. White, but denies the substance of the conversation as related by him. In other words, there was a direct conflict of the testimony upon this point. The jury were instructed on this branch of the case: "The court instructs the jury that if they believe from the evidence that the plaintiffs Kirkendall, Jones & Co. informed Geo. H. White, the agent for the attaching creditors of Wright & Flanagan, after the goods were attached, that they, the said plaintiffs, had no claim on the goods in controversy, and that they had sold the goods to Le Gros, Bigelow & Co. and looked to them only for payment, and advised the said White, as the agent for the attaching creditors, to go

Kekendall v. Davis

ahead and sell the goods to satisfy the claim of the attaching creditors, and upon the strength of what the said plaintiffs told the said agent, White, the attaching creditors did go ahead and get judgment and caused an order of sale to be issued by the county court of Gage county, and caused the said goods to be advertised for sale, and by reason of said advice to said plaintiffs went to an additional expense in the way of costs, expenses, and attorney's fees, then, in that case, the court instructs you that plaintiffs are estopped from claiming said goods from defendant and the jury should find for the defendant." The jury solved the question, or made a finding on the conflicting evidence on this point in favor of defendants, and in accordance with a well settled rule of this court, it will not be disturbed or reversed.

The further query then arises, whether the statements made were sufficient in law to conclude the plaintiffs from claiming a different condition to have existed at the time of the conversation? The rule announced in *Grant v. Cropsey*, 8 Neb., 205, and again in *Newman v. Mueller*, 16 Neb., 523, is as follows: "It is a firmly established rule that when one, by his words or conduct, willfully causes another to believe in the existence of a certain state of things, and induces him to act on that belief, so as to alter his own previous position, the former is concluded from averring against the latter a different state of things as existing at the same time." (See, also, *Betts v. Simms*, 25 Neb., 166; *St. Louis Wrought Iron Range Co. v. Meyer*, 31 Neb., 543; *Blodgett v. McMurtry*, 34 Neb., 782.) In *Meister v. Birney*, 24 Mich., 440, it is stated: "Expenditures in litigation may as reasonably constitute the basis of an estoppel as any other expenditures." It being established that the statement of the plaintiffs that they had no claim to the goods, and advising the defendant to proceed with the attachments, induced them to so proceed and to incur further expenses in so doing, it was, we think, sufficient to estop them from being heard to allege and assert

National Lumber Co. v. Ashby.

title to the goods, recover them in this action, and thus not only lose to the defendant their lien on the goods acquired by the attachment as a fund or means of payment of their claims, but also cause the loss of the costs and expenses of litigation incurred after such statements. The judgment of the district court is

AFFIRMED.

NATIONAL LUMBER COMPANY V. W. H. ASHBY ET AL.

FILED JUNE 26, 1894. No. 5419.

1. **Review: MOTION FOR NEW TRIAL: AFFIDAVITS: BILL OF EXCEPTIONS.** Affidavits used as evidence on the hearing of a motion in the district court will not be considered in this court in reviewing the action of the lower court in passing upon the motion unless they are presented in the form of a bill of exceptions.
2. ———: ———: ———: ———. Where a motion for a new trial, on the ground of newly discovered evidence, is overruled, the party who presented the motion is not entitled to a review of the decision of the trial court as to this ground of the motion unless all the testimony (in this case in the form of affidavits) used on the hearing of the motion is preserved and set out in the bill of exceptions.
3. **Pleading.** All material allegations of new matter contained in an answer are admitted and must be taken as true if no reply is made to them.

ERROR from the district court of Gage county. Tried below before BROADY, J.

G. M. Humphrey, for plaintiff in error.

Griggs, Rinaker & Bibb, contra.

41	392
52	685
54	462
41	292
56	198
157	374
41	292
58	660
41	292
60	363

HARRISON, J.

October 11, 1887, the plaintiff herein filed a petition in the district court of Gage county, in a case brought to that court by an appeal from the judgment of the county court, demanding judgment against the defendants in the sum of \$131.50 and interest at ten per cent per annum from May 31, 1884, upon a promissory note signed by defendants, of date May 31, 1884, in the sum of \$131.50, and providing for interest at ten per cent per annum. The defendant Zilla Ashby answered separately, and for herself alone alleges as a defense "that she was, at the time of her signing the note mentioned in plaintiff's petition, the wife of defendant W. H. Ashby, and signed said note at the request of said defendant W. H. Ashby, as surety for him merely, and that she received no consideration whatever therefor, and the same was and is void and created no liability as against her." W. H. Ashby filed a separate answer, admitting the execution of the note in suit, and further alleged in defense as follows:

"That the note sued upon was given in settlement and not in payment of an account for lumber purchased by this defendant from the Jones & McGee Lumber Company and from the plaintiff; and that the defendant Zilla Ashby signed said note at the request of this defendant, without any consideration and as security merely, and this defendant admits the execution of said note.

"2. That the plaintiff is indebted to this defendant in the sum of \$375, for services as attorney for plaintiff in the following cases in the district court of Gage county, Nebraska, to-wit: The Jones & McGee Lumber Company v. Newman & Winter; Jones & McGee Lumber Company v. Miller; Jones & McGee v. Yates and others; Jones & McGee v. Bush; Jones & McGee v. Casey; and for costs in case of Lumber Co. v. Greenslate and others, assigned to plaintiff, but not paid for by plaintiff. That all of said

National Lumber Co. v. Ashby.

services were rendered for plaintiff and its assignor, the Jones & McGee Lumber Company, at the request of plaintiff in the case of the Jones & McGee Lumber Company v. Newman & Winter, and that the payment of the defendant's claim in the other cases was assumed by plaintiff as successor, by purchase, of the Jones & McGee Lumber Company, and the plaintiff is now indebted to defendant for all of said services, and that said services were and are of the value of \$375."

To this there seems to have been no reply, or if any, it is not contained in the record; nor does the record anywhere recite that a reply was filed. One assignment of error reads as follows: "The court erred in not permitting the plaintiff to recall Mr. A. D. McCandless as a witness in its behalf, after the discovery of the evidence mentioned in the affidavits of G. M. Humphrey and A. D. McCandless and before the jury had retired to consider its verdict;" and paragraph No. 6 of the motion for a new trial states as a reason for allowing a new trial: "Newly discovered evidence material for the plaintiff, as shown by the affidavits of Geo. M. Humphrey and A. D. McCandless submitted herewith, which evidence the plaintiff was unable with reasonable diligence, as shown by the affidavit of his attorney, G. M. Humphrey, to discover and produce on the trial." The only portion of the bill of exceptions to which reference is made by assignment of error No. 6 is contained on pages 14 and 15 thereof, where we find the following:

"WEDNESDAY, November 11, 1891.

"Court being open, plaintiff filed a motion to reopen this case on account of newly discovered evidence, and asks leave to recall Mr. McCandless. To which the defendants object.

"By the Court: The court rules on that question, that, as Mr. McCandless is not present, the case will not be reopened. We will not hold the jury for his presence. To the jury: You may retire with your bailiff."

There is nothing in this which gives us any light or information in the least as to whether the newly discovered evidence was material or not, or from which we can form any opinion regarding the exercise of the discretion of the court in overruling the motion, or whether there was any abuse of such discretion or not.

There are several affidavits in the record, which, from their nature and import, presumably were heard or read when the motion was presented, and also on the hearing of the motion for a new trial; but this court has repeatedly held that affidavits used as testimony in the district courts will not be considered in this court unless they are embodied in a bill of exceptions; and also affidavits used on the hearing of a motion for a new trial must be preserved in a bill of exceptions. In *Wohlenberg v. Melchert*, 35 Neb., 803, it was held: "Affidavits used at the hearing of a motion in the district court, to be available in this court, must be brought into the record by a bill of exceptions.

* * * A party is not entitled to review, on appeal or error, the decision of a trial court in denying a new trial upon the ground of newly discovered evidence unless all the testimony given on the hearing of the motion is set out in a bill of exceptions." The affidavits in this case, in support of these motions, are not recognized in any manner, or otherwise authenticated, than that we discover them attached to the record, and probably one of them referred to in one or two sentences in the record. It is nowhere shown whether they were used for any purpose, and they cannot be considered here.

It is claimed that the verdict was contrary to an instruction asked by plaintiff and given, and also that the defense of set-off was not supported by sufficient evidence. As there was no reply, all the material allegations of the answer were admitted, and no further proof of the set-off necessary. According to the condition of the case when submitted to the jury, the defendant was entitled to have

 Riley v. Burroughs.

the set-off allowed, and neither of the above objections could be or are of any avail or force. The same may be said and is true of the further assignment, that "the court erred in giving the instruction asked for by the defendants, to which plaintiff objected at the time." If there was any error in giving the instruction indicated in this assignment, it was not prejudicial, as the defendant W. H. Ashby was, under the pleadings, regardless of this instruction on the matter to which the attention of the jury was by it directed, to have the set-off allowed. The judgment of the district court is

AFFIRMED.

ALDEN K. RILEY ET AL. V. WALLACE M. BURROUGHS.

FILED JUNE 26, 1894. No. 4601.

Conflict of Laws: BREACH OF COVENANT: LEX LOCI. Where land situate in the state of Iowa was sold and the conveyance therefor was executed in the state of Nebraska, and there had been several prior conveyances, each of which contained a covenant of warranty against incumbrance, and of each of which there was the same existing breach, *held*, that the law of Iowa, or the law of the place in which the land is situate, will govern the rights of the parties in the enforcement of the covenant, in so far as it relates to the question of the covenant running with the land.

ERROR from the district court of Douglas county. Tried below before DOANE, J.

Hall, McCulloch & English, for plaintiffs in error, cited: *Chapman v. Kimball*, 7 Neb., 399; *Davidson v. Cox*, 10 Neb., 150; *Knadler v. Sharp*, 36 Ia., 236; *Devore v. Sunderland*, 11 O., 60; 2 Parsons, Contracts, 571*; *Bethell v. Bethell*, 54 Ind., 428; *Craig v. Donovan*, 63 Ind., 513.

41	296
41	692
51	296
57	158

Arthur C. Wakeley, contra:

Real property, as to its tenure, mode of enjoyment, transfer, and descent, is to be regulated by the *lex loci rei sitæ*. (*Fisher v. Parry*, 68 Ind., 465; *Kling v. Sejour*, 4 La. Ann., 130; *Succession of Cassidy*, 40 La. Ann., 837; *Succession of Larendon*, 39 La. Ann., 952; *United States v. Crosby*, 7 Cranch [U. S.], 115; 3 Am. & Eng. Ency. of Law, p. 567, note 1; *Chapman v. Robertson*, 6 Paige Ch. [N. Y.], 627; *McCormick v. Sullivan*, 10 Wheat. [U. S.], 192; *Brine v. Hartford Fire Ins. Co.*, 96 U. S., 627; *Kerr v. Moon*, 9 Wheat. [U. S.], 565; *McGoon v. Scales*, 9 Wall. [U. S.], 27.)

HARRISON, J.

This action was instituted in the district court of Douglas county by defendant in error to recover the sum of certain imposed taxes on the southwest quarter of section 36, township 81, range 39, in Shelby county, Iowa, remaining unpaid at the time the land was conveyed to him. A jury was waived in the district court, and on a trial to the judge thereof judgment was rendered for defendant in error, and plaintiffs in error have prosecuted a writ of error to this court. The case is submitted here on the following agreed statement of facts:

"Upon this — day of —, 1890, at the February, 1890, term of said court, this cause coming on to be tried was heard before his honor George W. Doane, one of the judges of this court,—a jury being waived by the parties hereto,—and afterwards, to-wit, on the 6th day of March, 1890, judgment was rendered herein in favor of the plaintiff; and whereas the said defendants are about to prosecute a writ of error from the decision of the said district court to the supreme court of the state of Nebraska, it is agreed between the parties hereto that this cause may be submitted for decision to the supreme court upon the following agreed statement of facts:

Riley v. Burroughs.

"1. The real estate, for breach of covenants against incumbrances upon which this suit is brought, is the south-west quarter section 36, township 81, range 39, in Shelby county, in the state of Iowa.

"2. On the 16th day of June, 1886, William J. Chausse and Mercy Chausse, of Shelby county, Iowa, conveyed said premises by warranty deed to the defendant Alden K. Riley; that on July 21, 1887, the defendant Alden K. Riley conveyed said premises to the defendant Annie R. Kinkead; that on October 19, 1887, Annie R. Kinkead conveyed the said premises to Thomas B. McCulloch; that on the 7th day of November, 1887, Thomas B. McCulloch conveyed the said premises to William F. Woods and Charles W. Sanborn; that on April 11, 1888, the said Woods and Sanborn conveyed the said premises to the plaintiff herein, Wallace M. Burroughs, who is the owner thereof.

"3. That the said real estate was conveyed by the said several grantors to the said several grantees by deeds of general warranty, and that all the said several deeds made by the defendants herein contained, among other things, the following covenants against incumbrance, to-wit: 'And I, the said [grantor], for myself, my heirs, executors and administrators, do covenant with the said [grantee], and with his heirs and assigns, that I am lawfully seized of said premises; that they are free from incumbrance,' etc.

"4. That at all the times of said several conveyances there existed upon said premises incumbrances other than those mentioned and excepted in any of said deeds, to-wit, valid and subsisting tax liens, to the amount as ascertained and adjudged by the district court.

"5. That on June 25, 1888, the plaintiff herein was compelled to pay, and did pay, to one Elsie Goldschmidt, who had redeemed said property from tax sale, the amount of said taxes, to-wit, one hundred and fifty-six and $\frac{1}{10}$ (\$156.05) dollars.

"6. That all of said deeds, with the exception of the deed from the said Chausse and wife to Alden K. Riley, were made in the state of Nebraska, and the parties thereto were residents of the state of Nebraska; and that the said Chausse deed was made in the county of Shelby and state of Iowa.

"7. That, as shown by the petition herein, the plaintiff brings suit against the prior grantors of said land and not against his immediate grantors, William F. Woods and Charles W. Sanborn.

"8. That under the law of the state of Iowa a covenant against incumbrance, such as the one in question herein, runs with the land, and can be sued upon by any grantee, however remote.

"9. That all of said deeds were introduced in evidence under the objection of the defendants.

"10. That this agreed statement of facts shall constitute the bill of exceptions herein and be made a part of the record in said case."

It will be noticed that the suit was not brought against the immediate grantors of defendant (plaintiff in court below), William F. Woods and wife and Chas. W. Sanborn and wife, but against former grantors in the chain of title who had executed and delivered warranty deeds to the property, and it is claimed that the taxes which defendant in error paid were existing liens at the time of the conveyance by these former grantors. The plaintiffs in error deny that they are liable for the taxes in favor of defendant in error, on the ground that any taxes which were unpaid at the time of the conveyance by each would be a claim against each in favor only of his immediate grantee and not in favor of subsequent and remote grantees in the title with whom they were not immediately connected in the transaction and had no dealing. It is conceded that by the law of Nebraska, where the deed to defendant in error was executed, the covenant against incumbrances is a personal one

Riley v. Burroughs.

and does not run with the land, but is broken as soon as made, if there is an existing incumbrance; hence, in Nebraska, action can be maintained only by or between the immediate parties to the covenant. It further follows that if the law of this state—the law of the place of contract and forum of the suit—is to be applied to the facts in this action, and prevail, the judgment of the district court was wrong and must be reversed. It is further agreed that in Iowa a covenant against incumbrances, such as the one in this case, runs with the land, and may be taken advantage of by any grantee against his immediate grantor, or any grantor, however remote, in the chain of title, who conveyed with the incumbrance existing, by deed containing the covenants. If, therefore, the law of Iowa—the law of the place where the land which is the subject of the conveyance is situate—is to govern the rights and remedies of the parties, then the judgment of the district court was right and should not be disturbed.

Counsel for plaintiff in error cite the case of *Bethell v. Bethell*, 54 Ind., 428, as sustaining their position, also *Craig v. Donovan*, 63 Ind., 513. The case of *Bethell v. Bethell*, *supra*, held: "Where a deed is executed in this state between citizens thereof conveying lands situated in another state, without any covenants, the law of the latter state cannot be made to extend beyond her borders, so as to make such deed contain a covenant of seizin." In the text of the opinion it was stated: "The supposed covenant in this case, then, was one that did not run with the land. It was purely personal and broken as soon as entered into. It was not so connected with the land that any subsequent grantee thereof could take advantage of it. The question is therefore narrowed down to this: Can a deed executed in Indiana between citizens thereof, containing no covenants whatever according to the law of Indiana, be held, by virtue of the law of Missouri, where the land lies, to contain a covenant not running with the land, but broken as

soon as entered into? We think this question must be answered in the negative. A covenant of seizin, not running with the land, is purely a personal covenant, broken as soon as made, and has nothing whatever to do with the transmission of the title to the land. As a general rule, the *lex loci contractus* determines the construction and effect of contracts; and we think that where a deed is made, as above stated, the question whether it contains such a covenant is to be determined by the law of the place where it is made." It will be noticed that this case does not decide the exact point in dispute in the case at bar, but is confined to holding that the law of the state where the land is situated cannot be invoked to read into the deed a covenant which is not there expressed in terms, and which the law of the state where the deed was executed will not imply, but the latter law—the law of the state where the conveyance was executed—will prevail. The case in 63 Ind., *supra*, follows the doctrine announced in *Bethell v. Bethell*. In the case of *Fisher v. Parry*, 68 Ind., 465, the court said: "In 1862, F. conveyed certain land situated in Minnesota to K. by deed in the form prescribed by the statute of Indiana. Afterward K. conveyed the land to P. by a deed in the old form, with all the usual covenants. Both deeds were executed and delivered in Indiana, where all the parties resided. H. had owned the land and mortgaged it to D. in 1857, the latter subsequently foreclosing his mortgage and becoming the purchaser of the land, of which he took possession. *Held*, That as P. can maintain an action against F. only upon some covenant running with the land, and as, in determining whether a deed contains such a covenant, the '*lex rei sitæ*' governs, said P. had no right of action against F." Also, "in determining whether a conveyance of real estate contains a covenant that runs with the land, the *lex rei sitæ* governs." In the case of *Worley v. Hineman*, 33 N. E. Rep., 261, a later Indiana case, it was held: "Where the owner of land situate in Illinois,

on which there was a mortgage, executed a deed therefor in Indiana, with general covenant of warranty, such covenant was not personal to the immediate grantee, but ran with the land, even though the grantor, being a resident of Indiana, did not have possession of the land, but was in a position to give possession to his immediate grantee. Where such mortgage was subsequently foreclosed against a remote grantee, and the land redeemed by the immediate grantee, who thereafter brought suit in Indiana against his grantor's estate on the covenant of warranty, the question whether there was a covenant or not that ran with the land is determinable under the laws of Indiana, and hence, if the complaint discloses a breach of covenant under such laws, it states a good cause of action;" and it is stated in the opinion: "The case of *Fisher v. Parry*, *supra*, seems not to have been followed in any later decision; and if we should feel constrained, under ordinary circumstances, to follow it, we believe we are justified in saying that it is repugnant in principle to the entire line of Indiana cases on the subject."

It will be seen that the Indiana court has not at all times adhered to the same doctrine on the subject here involved, but in *Worley v. Hineman*, *supra*, which is the latest decision of that court on the point herein under discussion, it may be said to support the contention of plaintiff in error. On the other hand, we find in *Kling v. Sejour*, 4 La. Ann., 128, it was held: "What constitutes title and what seizin—or, in the language of our law, the possession, as owner, of immovable property,—must be determined by the law of the place where it is situated, and that is the only law which can determine whether a covenant of title and seizin has been broken or not." In *Succession of Larendon*, 39 La. Ann., 952, it was held: "The rights and obligations arising under acts passed in one state to be executed in another, respecting the transfer of real estate in the latter, are regulated, in point of form, substance, and

Riley v. Burroughs.

validity, by the laws of the state in which such acts are to have effect." In *Succession of Cassidy*, 40 La. Ann., 827, 5 So. Rep., 292,—a case which arose out of the following facts, as therein stated: "The present controversy arises in the testate and apparently solvent succession of Henry Cassidy, a citizen and resident of this state, and which was opened in October, 1884. It is raised by way of an opposition to a final account. The opponents are Arthur E. Spohn and Catherine Hamilton, administratrix of the estate of Alexander Hamilton, citizens of the state of Texas. The following are the grounds of their opposition, substantially, viz.: That on the 9th of December, 1875, the deceased, in consideration of the price of \$2,000, sold to Horace Wright Cassidy a tract of land situated in Nueces county, Texas, with full warranty of title to said purchaser, his heirs and assigns, and on the 11th day of July, 1878, said vendee, for and in consideration of the price of \$1,822.50, sold said tract of land to Arthur E. Spohn and Dr. Alexander Hamilton, opponents herein, with like warranty of title; that by a decision of the supreme court of the state of Texas rendered in March, 1884 (*Schaeffer v. Berry*, 62 Tex., 705), opponents' title to said land was declared null, and state patents have been issued to other parties and they have been compelled to abandon it. They aver that they were in fact subrogated by their vendor, Horace Wright Cassidy, to the warranty of Henry Cassidy, 'whose covenant of warranty runs with the land, under the law of the state of Texas, and should protect petitioners,' and that the succession of Henry Cassidy is liable to them under the law of the state of Texas, against which opponents are entitled to recover on said obligation of warranty,"—the rule was stated in these words: "The rights and obligations of the parties to a sale executed in one state of real estate situated in another must be determined under the laws of the state in which the property is situated;" and in the opinion it was said: "This brings us to the discussion of the con-

tested right of the opponents to sue as a warrantor, a remote vendor in the chain of titles, without first exercising their recourse against their immediate vendor. The sale by Henry Cassidy to Horace Wright Cassidy was executed in this state, and the deed of the latter to Spohn and Hamilton was executed in the state of Texas, and, as already stated, the lands which were the subject-matter of both contracts are situated in Texas. Hence it follows that the rights and obligations of the parties under both contracts are to be governed by the laws of Texas. This question was discussed and maturely considered in the case of the *Succession of Larendon*, 39 La. Ann., 952, 3 So. R.p., 219, in which the rule was formulated in the following language: 'The rights and obligations arising under acts passed in one state, to be executed in another, respecting the transfer of real estate in the latter, are regulated, in point of form, substance, and validity, by the laws of the state in which such acts are to have effect.'"

In *Tillotson v. Prichard*, 14 Atl. Rep. [Vt.], 302, the following rule is announced: "In an action of breach of covenant of warranty, where the grantor resided in Vermont, the grantee in New Hampshire, and the land was situated in Minnesota, the construction of the contract, including the rule as to damages, is governed by the law of Minnesota,"—and the further statement in the body of the opinion: "The covenant sought to be enforced was contained in a deed executed in Vermont; the grantor domiciled there, the grantees in New Hampshire. The land described in the deed was located in Minnesota. The question arises, by what law is the contract to be governed? The defendant insists (see brief, point 1) that the question 'must be decided according to Minnesota law,' and the plaintiff's counsel invoke the aid of that law upon the questions of the execution of the deed and the transitory character of the action. The contract, being one which could only be performed in Minnesota, the parties evidently

had in view the law of that state in reference to its execution. We think its construction and force, including the rule as to damages, must be governed by the law of that state. (2 Kent, Com., 459.) 'The law of the place where performance is to occur governs in respect to the validity and performance of contracts made in one state, but to be performed in another.' (Rorer, *Interstate Law*, 50.) 'Matters connected with * * * performance are regulated by the law prevailing at the place of performance.' (*Scudder v. Union Nat. Bank*, 91 U. S., 406, 413.)"

We are satisfied that the rule which allows the law of the state wherein the land is situated to prevail, and the covenant to be construed, in reference to whether it runs with the land, to be determined by such law, is consonant to or with the soundest and best reasoning, and hence we will adopt it. There is a further thought which moves us to this conclusion: If the other doctrine were held superior, if a tract of land was sold, and deed executed in Texas, then by the grantee conveyed by deed executed in New York, and thus through any number of conveyances, each in a different state from any other, there would arise many complications, and much confusion and uncertainty in the relief afforded the litigants under the covenants of the deeds, construed by the differing laws of the states on the subject,—in some running with the land and in others not; some parties being confined in the right of action to immediate grantors, others allowed to make a selection,—while, on the other hand, the rule which we are convinced will be productive of the best results, and more certainty of justice to litigants, will adjust the rights and administer relief to each and every one and all concerned, according to the same construction, the law of the state or place where the real estate is situate.

AFFIRMED.

MOSES ROBERTS V. CHARLES H. DREHMER ET AL.

FILED JUNE 26, 1894. No. 5648.

41	806
56	820
41	806
159	782

1. **Instructions: HARMLESS ERROR: REVIEW.** A new trial will not be granted because of the action of the trial court in giving an instruction, if erroneous, where it appears from the verdict rendered by the jury that the party complaining of the giving of the instruction has not been prejudiced thereby.
2. **Costs: PROCEDURE TO REVIEW JUDGMENT FOR.** The general rule is that in order to obtain a review of a judgment for costs, it is necessary that a motion to retax the costs be made and presented to the lower court, and its ruling had thereon.
3. **Instructions: REVIEW.** It is error to give an instruction which is not predicated upon and pertinent to the issues in the case as joined by the pleadings and applicable to the testimony adduced.
4. **Damages: SERVICES: PART PERFORMANCE OF CONTRACT: INSTRUCTIONS.** An instruction given by the court on its own motion examined, and *held* not based upon and applicable to the pleadings and testimony, and further erroneous, in that it stated an incorrect rule or measure of damages, and to be calculated to mislead the jury, and prejudicial to the rights of plaintiff in error.

ERROR from the district court of Johnson county. Tried below before BABCOCK, J.

E. W. Thomas and *E. C. Hall*, for plaintiff in error.

J. S. Stull and *S. P. Davidson*, *contra*.

HARRISON, J.

This is an action by Drehmer Bros., partners, to recover of Moses Roberts, plaintiff in error, compensation for certain services, which they allege were performed by them for him. The material allegations of the petition filed in the district court are as follows:

"The plaintiffs, for their cause of action, allege that on

or about the 10th day of June, A. D. 1890, the plaintiff and the defendant entered into a verbal contract, whereby the plaintiff agreed to drill a well on the premises of the defendant to a depth sufficient to furnish plenty of water, and to put a good pump therein, and as compensation therefor the defendant promised and agreed to pay the said plaintiffs the sum of \$1.25 for each and every foot of said well, the measurement to be from the top of the pump to the bottom of the well, to be payable when the well was completed. Said defendant further agreed to pay said plaintiffs the sum of ten cents for each and every foot of casing used in said well, if the same should be needed. That in pursuance of said contract the said plaintiffs at once entered upon the performance of their part of the said contract and faithfully completed the same according to the terms thereof on or about the 20th day of August, A. D. 1890, drilling a well and furnishing a good pump therefor, the measurement of which was 319 feet, and that it was necessary to, and the plaintiffs did, furnish and put into said well tubing to the amount of 300 feet; that said plaintiffs, after completing the said contract, and on or about the 15th day of January, 1891, made repairs on the pump in said well, at the defendant's instance and request, which said repairs were reasonably worth the sum of \$10; that the said plaintiffs moved their well drill out to the premises of the defendant on or about the 27th day of October, 1890, for the purpose of drilling another well on his premises and were ordered not to proceed with the said work by the defendant, and that said defendant then and there agreed to pay the said plaintiffs the sum of \$25 for the trouble and expense of moving and setting up said well drill; that all of said work, material furnished, and repairs done is as follows, to-wit:

To drilling and putting in pump, 319 feet, at	
\$1.25	\$398 75
To 300 feet of casing, at 10 cents per foot.....	30 00

 Roberts v. Drehmer.

To work, fixing pump	\$10 00
To setting up well drill.....	25 00
	<hr/>
Total.....	\$463 75
Oct. 28, 1890, paid by cash.....	175 00
	<hr/>
Balance due.....	\$288 75

"That on the 28th day of October, 1890, the defendant paid to these plaintiffs the sum of \$175, leaving a balance still due and unpaid from the defendant to these plaintiffs the sum of \$288.75, for which, with costs of suit, plaintiffs demand judgment."

The answer contained a denial of each and every allegation of the petition not expressly admitted, and the further statement of matters of defense as follows:

"This defendant admits that on or about the 10th day of June, 1890, he entered into the contract with plaintiffs, as in the first paragraph of said petition described and alleged, but this defendant avers that said plaintiffs failed to fulfill the terms and the requirements of said contract, and utterly failed to procure, in the drilling and construction of the well mentioned in said petition, a plentiful flow and supply of water, according to the terms of said contract, and plaintiffs wholly failed and neglected to complete their contract aforesaid, according to the terms thereof; and this defendant further avers that, according to said contract, the defendant was to pay plaintiffs the sum of \$1 per foot for drilling said well, and not \$1.25, as in said petition alleged; that by reason of the failure of said plaintiffs to contract and make said well according to said contract and procure, according to the terms thereof, for the use of defendant, a plentiful supply of water for one hundred head of cattle, two hundred head of hogs, twenty head of horses, and sufficient for household use, which, according to said contract, plaintiffs were bound to do, the defendant has been greatly damaged in the sum of \$500.

"For further answer to said petition defendant further avers that for all the matters and things charged and alleged against this defendant therein the defendant long since settled and paid in full, and procured therefor from plaintiffs due receipt and acquittance."

The prayer of the answer was that the plaintiffs should not have and recover anything, and for judgment in favor of defendant Roberts in the sum of \$500 damages. To this answer plaintiff filed, in reply, a general denial. A trial of the issues, before the court and a jury, resulted in a verdict in favor of Drehmer Bros., plaintiffs below, in the sum of \$——, for which sum, after motion for a new trial on behalf of defendant Roberts was submitted and overruled, judgment was rendered for the plaintiffs, and to reverse which the case is brought here by plaintiff in error on his petition.

The first alleged error to which our attention is challenged in the brief filed on behalf of plaintiff in error is that the court erred in instructing the jury that the answer admitted the terms of the contract to be as alleged by plaintiffs, and that the allegation of the petition in regard to the contract and its obligations were to be taken as true. The court did so instruct, and under the pleadings it is questionable whether it was proper or erroneous; but however this may have been, viewed in the light of the issues joined by the pleadings, and the evidence adduced at the trial, the jury, having found generally for the plaintiffs, could not, if they figured their compensation at the sum of \$1 per foot, for which Roberts alleged in his answer the Drehmer Bros. agreed to sink the well, have made their verdict for a less sum, or indeed for a smaller sum than they did make it, \$112.50, and the plaintiff in error was not prejudiced by the instruction of which complaint is made; and having determined this agreeably to a settled rule of the court, the verdict and judgment will not, for this reason, be reversed.

Another assignment of error is that the court erred in

Roberts v. Drehmer.

rendering judgment against plaintiff in error for the costs incurred by plaintiffs in that court. In order to obtain a review of this action of the lower court in this court it was necessary to file a motion to retax the costs; and if the ruling of the trial court on the motion was adverse to the party making it, the ruling could then be reviewed in this court when properly removed and presented here. No motion to retax the costs was made in the lower court, hence the judgment for costs cannot be reviewed. (*Bates v. Diamond Crystal Salt Co.*, 36 Neb., 900.)

Instruction numbered 5, of the instructions given by the court on its own motion, was as follows: "But if, on the other hand, you find from a preponderance of the evidence that the \$175 paid by defendant to plaintiffs was made and received as a part payment of the contract price, and such settlement was only a conditional agreement, and they were to be paid the balance of the contract price, on the performance of the condition, * * * then plaintiffs would be entitled to recover the balance of the contract price on the performance of the condition on the part of plaintiffs, or their offer to perform, and prohibited by the defendant, if you should so find." This instruction, it is claimed by counsel for plaintiff in error, was erroneous, in that it stated an incorrect rule for the measure of damages, wherein by it the jury was informed that "then plaintiffs would be entitled to recover the balance of the contract price on the performance of the condition on the part of plaintiffs, or their offer to perform, and prohibited by the defendant, if you should so find." In considering the objection to this instruction it must be borne in mind that the petition in this case set forth a contract, alleged the full performance of it, acknowledged a part payment of it, and prayed for a recovery of the balance of the consideration in full; that the answer admitted the making of the contract, probably alleged a lesser consideration than the petition, pleaded affirmatively a breach of the contract on the part of the

Drehmer Bros., and damages accruing from such breach, to the defendant Roberts, and contained the further allegation of a settlement and payment in full by Roberts to Drehmer Bros. for their services in sinking the well. Clearly, no such issue was raised by the pleadings in the case as is outlined in the above quoted instruction, although there was quite a large amount of evidence introduced during the trial on the question, to which the attention of the jury was directed by this instruction; but even if the instruction had been proper and admissible, or warranted by the issues joined by the pleadings, it was erroneous, in that it misstated the measure of damages. We understand the rule of damages where there has been a part performance and an offer to complete, which the employer rejected, that it raises a liability in favor of the other party, where the action is upon the contract, for not to exceed compensation for the work already performed, and profits to be made under the contract. (*Hale v. Hess*, 30 Neb., 42, and citations; Field, Damages, sec. 339, and cases cited; *M'Elhove v. Bridgeport Land & Improvement Co.*, 54 Fed. Rep., 629.) By the testimony introduced it was sought to bring before the court and jury, as an issue to be considered by them, that the parties at some date (the exact time is not material), after the well had been driven and pronounced complete by Drehmer Bros. but not so by Roberts, modified the contract in such a manner that if the well did not prove satisfactory by a named date, the Drehmer Bros. were to drive another, or make a well which would fulfill, in all respects, the terms of the original contract. There was no evidence introduced tending in any manner or degree to prove what plaintiffs should have received as compensation and damages, except the proof of the whole amount of the consideration, provided for by the contract originally. The instruction complained of was unquestionably erroneous, in that it was based upon an issue not raised by the pleadings, and did not inform the jury as to the true measure of damages, and

La Bonty v. Lundgren.

was calculated to mislead the jury to the prejudice of plaintiff in error.

REVERSED AND REMANDED.

59 N. W. 904

DANIEL F. LA BONTY V. CARL P. LUNDGREN.

FILED JUNE 26, 1894. No. 5974.

Trial: EJECTMENT: GENUINENESS OF SIGNATURES TO DEEDS: CONSIDERATION BY JURY IN JURY ROOM OF NOTE NOT IN EVIDENCE. In a case in ejectment, where the signatures to certain deeds purporting to convey the land in controversy are in dispute, and a note obviously signed by the alleged forger of the said deeds, and not admitted and read in evidence, is allowed, accidentally or otherwise, to be taken into the jury room, remaining in the hands of the jury during their consideration of the verdict, it is fair to assume, unless definitely demonstrated to the contrary, that such note with its signature were considered and examined by the jury; and its admission to the jury room was prejudicial to the party against whom the verdict was rendered, and calls for a reversal of the verdict and a new trial of the cause.

ERROR from the district court of Cuming county. Tried below before NORRIS, J.

Griggs, Rinaker & Bibb, J. C. Crawford, and J. A. Smith, for plaintiff in error:

When the jury retired they took with them into the jury room without plaintiff's consent, a note which had not been introduced in evidence. This was shown by affidavit to be prejudicial to plaintiff. The court erred in refusing a new trial for misconduct of the jury. (*State v. Hartmann*, 46 Wis., 248; *Proffatt*, Jury Trials, secs. 392, 405; *Town of Peacham v. Carter*, 21 Vt., 515; *Kruidenier v. Shields*, 77 Ia., 504.)

Munger & Courtright, T. M. Franse, and M. McLaughlin, contra.

HARRISON, J.

This is an action of ejectment commenced by Daniel F. La Bonty to recover the possession of 160 acres of land, the northeast quarter of section 26, in township 21 north, of range 7 east, and in Cuming county, Nebraska. The petition is in the usual form. The answer is a denial of the allegations of the plaintiff's petition, and further pleads as a defense that defendant purchased the lands in controversy from one John Kerkow during the year 1881, and received a warranty deed therefor, paying the sum of \$1,000 as the consideration for said sale; that he made the purchase in good faith, and without any knowledge or notice of any claim or interest of the plaintiff to or in the land; and further recites the valuable improvements which he has placed upon and attached to the land. The plaintiff, in reply, denied the affirmative statements and allegations of new matter in the answer. A trial of the issues was had before the court and a jury, the outcome of which was a verdict in favor of the defendant. The plaintiff filed a motion for a new trial, which the court overruled, and judgment was rendered for defendant upon and in accordance with the verdict. A reversal of this judgment is sought by the plaintiff in these proceedings in error to this court.

The paper claim of title introduced in evidence by the plaintiff to sustain his contention was a certificate of location issued by the United States through one of its land offices October 10, 1867, to Charles Bartholomew, which was assigned to Daniel F. La Bonty; a patent issued November 2, 1868. Defendant on his part introduced a deed of date December 2, 1880, purporting to have been signed by D. F. La Bounte or "D. F. Lq Bounte," the grantee named therein being John Kerkow. He also introduced a tax deed by the treasurer of Cuming county, in favor of L. B. Baker, as grantee,

La Bonty v. Lundgren.

also a quitclaim deed from Baker to D. F. La Bonte, this last of date December 11, 1880, and a quitclaim deed of date January 27, 1881, to John Kerkow, purporting to to have been signed by D. F. La Bonte, also a deed from John Kerkow and wife to defendant December 15, 1880. It will be noticed, in mentioning the deeds from La Bonte to John Kerkow, it has been stated that they purported to have been signed by D. F. La Bonte. They are thus alluded to for the reason that on the question of whether the signatures to them were written by Daniel F. La Bonty, or were forgeries, hinged or turned the decision of the case by the jury, the fact of the genuineness, or lack of it, of the signatures being the main point in the case to which the evidence was directed and with reference to which there was a sharp and well defined conflict in the testimony, and upon which there was a hot contest throughout the whole trial. A number of the witnesses for the plaintiff, among whom was the notary before whom the two deeds referred to were acknowledged, and the attesting witnesses to one of them, testified that the signatures to the deeds were written by one Amos Labonte, or as he was otherwise known and familiarly called, "Frenchy." Six copies of pension vouchers and two chattel mortgages which had been signed by this man Amos Labounte were introduced by the defendant to prove, by comparison with the signatures upon the two deeds, that he did not write the signatures last mentioned, and among other things attention was particularly drawn to the fact that Amos Labonte, or "Labuntey," as he says it should be spelled, never separated the name into two parts nor spelled the Bonte part of it commencing with a capital "B," as was done in both instances in the signatures to the deeds, which are the subject of plaintiff's attack as forgeries, but that he invariably wrote it in one word, "Labuntey," and used a small "b." In his testimony he states:

Q. That kind of a "D" you don't know how to make?

La Bonty v. Landgren.

A. No, or any kind of a "D."

Q. Or a "B."

A. No, I never tried to make a "B." I simply sign my name the way I sign it here. (Here the witness marks with his hand on the desk.)

Q. How do you write your name, as far as the "B" is concerned?

A. I write just a small "b."

Q. Nothing like the "B" that is on those deeds?

A. No, sir.

And one William H. Stanley, a witness for the plaintiff, in his testimony says:

Q. Will you state whether he signed the name with a small "b" or a large "B" in the word "bounty."

A. I think it was with a large "B," that is my recollection of it.

Q. Will you be positive of that?

A. No, I will not be positive.

Q. Can you produce a signature of Amos Labountey, wherein he wrote the name with a capital "B" in the word "Bountey."

A. I think so. I know I can produce his signature, if I have little time to look it up, but I am not positive as to the capital "B."

The defense seem to have made quite an effort to convince the jury that no signature could be produced, made by Amos Labountey, where the separation in the word was made and the capital "B" used; that he could write nothing but his name, and this only in the one manner indicated, stated in his testimony, and as shown by the exhibits introduced. In the brief of counsel for the intervenor, W. H. Atwood, who is now defendant in error, we find the following on this same subject: "The 'B' in every case is a capital 'B' and not unlike those made by plaintiff, whereas the signatures, as shown by the photograph, are in no particular like the signatures of Amos Labounte. * * * Plaintiff

La Bonty v. Lundgren.

has been challenged to show a signature of Amos Labounty, signed with a capital 'B,' or a word written by him, other than his signature. * * * Amos Labounty cannot write and never does write anything except his own name, and never writes that in any other manner than with a small 'b'." From all this it will be gathered that the signature of Amos Labounty, and the manner in which it was framed, and whether a capital "B" or a small "b" was used and appeared in it wherever and whenever it was seen, was one of the important facts to be determined by the jury from the evidence adduced.

One of the errors assigned and argued by plaintiff is thus stated in the motion for a new trial: "The jury obtained and took with them into the jury room, by some means unknown to the plaintiff and without his knowledge or consent, a certain promissory note, which had not been introduced in evidence by either party, purporting to have been executed by Amos Labounty to Van Devort & Co. for the sum of \$45, dated February 13, 1890, which said note, and especially the signature thereto, was considered and discussed by the jury, as will more fully appear by the affidavit of Emil Heller and J. A. Smith, with the said note thereto attached, marked Exhibit 'A' and made a part hereof." The affidavits referred to are as follows:

"Emil Heller, being first duly sworn, says that he is clerk of the district court of Cuming county; that the above cause was submitted to the jury February 6, 1892; that among the papers returned with the verdict of said jury was the note signed by Amos Labounty, which said note is attached to this affidavit and made a part hereof and marked Exhibit 'A'."

"J. A. Smith, being first duly sworn, says that he is of counsel of plaintiff; that the above cause was submitted to the jury February 6, 1892; that the note referred to in the affidavit of Emil Heller, and made a part of his affidavit, was not introduced in evidence and was not, with the con-

La Bonty v. Lundgren.

sent of plaintiff or his counsel, given them. The said jury being called for an explanation of the occurrence upon February 8, 1892, in open court, each and every one said they knew nothing as to the manner of how the said note came into their deliberations; that during the time said jury was out and deliberating upon the verdict, said jury instructed the bailiff to ask the court for the depositions of D. F. La Bonty and Amos Labounty, also the two deeds introduced in evidence; that the court, upon the refusal of attorneys for defendant to consent to the request of the jury, refused the same; that this affidavit and also that of the clerk of the district court of Cuming county is made by each of them for the sole reason that many of the jurors in said cause, having been asked to make the same, expressed a reluctance and decided disinclination to make the same."

The plaintiff very strenuously contends that for this the case should be reversed and remanded for a new trial. The note attached to one of the above affidavits was not introduced or offered as evidence in the case, so far as the record discloses. It had not been identified in any manner as a note signed by Amos Labunteny, or made competent as evidence. In truth its first appearance in the case, according to the record, was when it was handed to the clerk by the jury, along with the verdict; and no blame, it seems, can attach to any one for the jury having it in their possession; but from the facts that the controversy over the manner in which this name was written, and the comparison with the two deeds in question, was so strong, and the evidence so conflicting, and to be determined by the jury from a view and consideration of all the evidence bearing upon it; that there were but few papers sent out at the time they retired to consider of their verdict; that after being out a short time they sent for all the other papers upon which the disputed signature appeared, and also those introduced, by which it was sought to help them in reaching a conclu-

La Bonty v. Lundgren.

sion as to whether the two deeds had been signed by the plaintiff, or some one else who was not authorized by him to do so; that when the jurors were interrogated afterward in open court, in regard to the note and the manner of their obtaining possession of it, they all showed a knowledge of it, but could give no account of how they became possessed of it,—it is fair to conclude that it was used by them and entered into their deliberations as a part of the evidence, from which the conclusion was reached, which became their verdict, determining the rights of the parties to the action. The only further question is, does this call for a reversal of the case?

In 2 Thompson, Trials, p. 1943, sec. 2580, it is said: "The general rule is that if depositions or other papers which have not been admitted in evidence are taken out by the jury when they retire to consider of their verdict, a new trial will be granted; since it would be idle to rule out incompetent documentary evidence, if the jury were allowed to take it to their room and consider it while making up their verdict."

In *Neil v. Abel*, 24 Wend. [N. Y.], 185, it is said: "Where a cause was tried in a justice's court, and the justice, at the request of the jury, after they had retired to consider of their verdict, gave them, without the consent of the parties, his minutes of the trial, the common pleas, on *certiorari*, reversed the judgment rendered on the verdict of the jury, and this court, on writ of error, affirmed the judgment of the common pleas."

In Thompson & Merriam on Juries, p. 481, sec. 386, it is said: "The general rule is, that if depositions or other papers which have not been admitted in evidence are taken out by the jury when they retire to consider of their verdict, a new trial will be granted. This rule rests upon the same reason which makes it error to admit hearsay or other incompetent evidence at the trial. It would be idle to rule out incompetent documentary evidence if the jury

were allowed to take it to their room and consider it while making up their verdict."

In *Munde v. Lambie*, 125 Mass., 367, it was held: "If a bill of exceptions, allowed by the judge at the first trial of a case, and containing statements material to the issue, is at the second trial taken to the jury room and read by the jury, or any of them, it is sufficient ground for a new trial; and misconduct by the party in whose favor the verdict is rendered need not be shown;" and Gray, C. J., in the text of the opinion says: "The bill of exceptions tendered by the plaintiff and allowed by the judge at the first trial, was not competent evidence to be laid before the jury at the second trial. As the statements therein were material to the issue and may have prejudiced the defendants, it was not necessary to show misconduct on the part of the plaintiff in bringing the paper before the jury."

So in *Hix v. Drury*, 5 Pick. [Mass.], 296, it was said: "Where a paper, which is capable of influencing the jury on the side of the prevailing party, goes to the jury by accident, and is read by them, the verdict will be set aside, although the jury may think that they were not influenced by such paper, for it is impossible for them to say what effect it may have had on their minds."

In *Whitney v. Whitman*, 5 Mass., 405, we find that "where, upon a trial, a material paper, not read in evidence, had been given to the jury by mistake, a new trial was granted without costs," and in the body of the opinion it is stated: "The court refused to examine any of the jurors, and observed that the court must be governed by the tendency of the paper apparent from the face of it; that it was not pretended that the jury had not read it, and it would be difficult for jurors, where, as in this case, there was much evidence of different kinds, clearly to decide in what manner their minds were influenced in forming their verdict. As it was received by the jury among other written evidence and read by them, it must be presumed

La Bonty v. Lundgren.

that they considered it as evidence, and gave due weight to it."

In *Woodbury v. City of Anoka*, 54 N. W. Rep. [Minn.], 187, it was held: "Where there is misconduct of jurors that may have had an influence on the verdict unfavorable to the defeated party, the verdict must be set aside, unless it appear, beyond doubt, that in fact it had no such effect;" and we quote from the text as follows: "Misconduct of jurors as a reason for setting aside the verdict was fully considered in *Koehler v. Cleary*, 23 Minn., 325, and the rule stated that 'if it does not appear that the misconduct was occasioned by the prevailing party, or any one in his behalf, and if it does not indicate any improper bias in the jurors' minds, and the court cannot see that it either had or might have had an effect unfavorable to the party moving for a new trial, the verdict ought not to be set aside,' and that all the moving party can be called on to show is 'that the misconduct may have had an effect unfavorable to him.' The party need not show that he was in fact prejudiced. That case concedes that where the misconduct may have had an effect unfavorable to the defeated party, the other party may be permitted to show that in fact it did not have such effect. But that would have to appear very clearly,—so clearly as to leave no doubt as to the fact. When it may have had an unfavorable effect, it would be unsafe to allow any speculation, whether in fact it did or not." (See, also, *Durfee v. Eveland*, 8 Barb. [N. Y.], 46; *Thrall v. Smiley*, 9 Cal., 529; *MoLeod v. Humeston & S. R. Co.*, 32 N. W. Rep. [Ia.], 246; *Bulen v. Granger*, 29 N. W. Rep. [Mich.], 718.)

The signature upon the note which the jury had with them in their room was as follows:

A handwritten signature in cursive script that reads "Amos Salhoornly". The signature is written in dark ink and is positioned above the concluding text of the paragraph.

and if not the genuine signature of the witness, Amos

Beatty v. Russell.

Labuntay, was a very clever imitation of it; but however this may be it seems highly probable, if not entirely certain, that it must have exerted an influence on the minds of the jurors very unfavorable to the plaintiff's contention in the case, on the branch of the inquiry of the case on trial, in reference to the signatures, and as this was largely a governing one, it seems more than probable that it must have been prejudicial to his rights. It is the policy of the law to guard very jealously and carefully the deliberations of juries, and keep them free from any influence from sources other than the court, and through the channels provided by its rules and laws.

There are several errors assigned and argued, but as their discussion would involve and necessitate more or less comment upon the evidence in the case, and its weight and sufficiency, and as there must be another trial, we think it best to stop here, and to refrain from any further consideration of the case.

REVERSED AND REMANDED.

FOUNTAIN L. BEATTY V. JAMES D. RUSSELL.

FILED JUNE 26, 1894. NO. 4773.

41 321
53 707

1. Real Estate Brokers: ACTION FOR COMMISSION: CONTRACTS.

Where real estate is listed with an agent or broker for sale, the agreement being that it is to be sold for \$4,800 net to the owner of the land, the broker to have and receive as compensation for making the sale any sum in excess of the \$4,800 for which he can effect a sale, and he meets a party who desires to purchase the land, and informs him that it can be purchased for \$4,800, and then introduces him to the owner, who completes the sale at the price above named, in an action by the broker to recover a reasonable commission, *held*, that he is not entitled to recover.

2. Instructions. Objections to the modification by the court of an

Beatty v. Russell.

instruction requested by the plaintiff examined, and held that the modification was proper.

3. ———. The action of the court in giving an instruction requested by the defendant held not erroneous.

ERROR from the district court of Johnson county. Tried below before APPELGET, J.

Daniel F. Osgood, for plaintiff in error.

S. P. Davidson, contra.

HARRISON, J.

This case was originally instituted in the county court of Johnson county, by plaintiff, to recover a commission which he claimed due him from defendant, for effecting the sale of a piece of real estate for defendant, as his agent, and from a judgment there rendered was by appeal removed to the district court. The statement of the cause of action, in the petition filed in the district court, is as follows: "That there is due and owing to the plaintiff from the defendant the sum of \$145 commission for selling land by the plaintiff for the defendant, at the defendant's request, about December 27, 1889. Said services were reasonably worth the sum of \$145." To this the defendant answered as follows:

"1. Comes said defendant and, for answer to the plaintiff's petition, denies each and every allegation contained therein.

"2. As a second and further defense herein this defendant denies that he employed said plaintiff to sell the land referred to in said petition, but avers the fact to be that a firm, Greer & Beatty, composed of Geo. H. Greer and this plaintiff as partners, was employed to sell said farm upon the terms that this defendant was to receive \$4,800, clear of all commission, for the land, and said Greer & Beatty were to have all over said \$4,800 as their commission, and

if they sold the land for only \$4,800 they were to have no commission from this defendant. This defendant avers that said land was sold for \$4,800, and no more, and therefore no commission whatever is due this plaintiff.

"3. As a third defense herein defendant alleges that while not recognizing the validity of the claim of either said Greer & Beatty, or this plaintiff, for any commission for the sale of said land, but by way of compromising a disputed claim, this defendant settled said claim with said Greer & Beatty long prior to the commencement of this suit, and paid them, in pursuance of said settlement, the sum of \$56, in full of said claim, said firm being represented in said settlement by said Greer, a member of said firm."

To this answer the plaintiff filed a general denial. The issues thus presented were submitted to a jury and a verdict returned for defendant, and after motion for a new trial was argued and overruled, judgment was rendered in accordance with the verdict, and plaintiff brings the case to this court by petition in error.

The manner in which the claim of plaintiff is pleaded in his petition, a perusal of his evidence in chief as given on the trial, and an examination of the law cited by his counsel in the brief filed, leads to the conclusion that he predicates his claim on the proposition that defendant, having authorized him to sell his land for him, the fact that he procured a purchaser, whom he introduced to defendant and to whom defendant, almost immediately afterwards, effected a sale of the real estate, entitled him to compensation, or a reasonable commission, and the determination of whether or not the evidence adduced in the case supports the above proposition will dispose of all the material questions presented in the case. The solution, or answer to the above query, depends mainly, if not entirely, upon the character of the contract which was entered into at the time when Mr. Russell authorized the plaintiff or the firm of

Beatty v. Russell

Greer & Beatty (if such a firm existed) to sell the real estate. On this subject the defendant testified as follows:

Q. Now, some time prior to the time of this sale, state whether you went to their office and in the presence of both of them gave them this land in controversy for sale; and if so, state what terms, if any, you prescribed by which they should make the sale.

Plaintiff objects; immaterial and irrelevant. Objection overruled and exception taken.

A. I went into their office some time previous to the sale of the land, and told them I had a half section in Pawnee county that was for sale, described it as well as I could as to what was there, and gave them the price and terms upon which they might sell it.

Q. Now, state what terms and price you gave them.

Plaintiff makes same objection. Same ruling and exception taken.

A. I addressed my conversation more particularly to Mr. Greer, told him that they might sell it for \$4,800 to me, net; that the price was \$5,000, but they might sell it for \$4,800, or so it would realize me that much, after their commission was paid; and if they wanted to sell it for \$4,850, I was to have the \$4,800, with eight per cent interest on the deferred payments.

Q. Was Mr. Beatty present at that time?

A. Yes, sir; he sat at my left and Mr. Greer at my right.

Q. Did you ever after that, and prior to the sale, inform them that they could sell it on any other terms than you have just stated?

A. I never did.

And the testimony of Mr. Greer on this point is as follows:

Q. Well, now, Mr. Greer, tell the jury what terms, if any, Mr. Russell gave your firm upon which you could sell this farm in Pawnee county.

A. The only terms that I ever heard Mr. Russell offer

this property for were five thousand dollars, but must net him forty-eight hundred anyway. To me at least,—I am not positive what he told Mr. Beatty, but I swear positively that this was the terms that this piece of land was placed with me for sale.

Q. Do you remember of Mr. Russell coming into the office of Greer & Beatty and stating the terms on which you could sell this land to you in the presence of Mr. Beatty?

Plaintiff objects, as leading. Objection overruled and exception taken.

A. I will have to explain that a little. I cannot swear positively to any particular occasion of his coming in, but remember of his coming in often, at least a half dozen times, and saying he wanted to sell the land; expressing himself as not wanting to hold it, as it was too far away. He said we could sell it for forty-eight hundred to him and make a good commission, but it must net him forty-eight hundred.

Q. Now, was Mr. Beatty present in the office at one of the conversations?

A. Well, I am satisfied he must have been; I can't say positively; we would all talk about it, and I think he must have been present, as we often talked about it.

Q. Tell the jury whether you and Mr. Beatty have talked particularly about this piece of land and the terms at which it was offered for sale?

A. Well, I don't know whether we talked particularly about this piece any more than the whole list, but I think I spoke to Mr. Beatty about Mr. Russell being anxious to get rid of this piece of land.

Q. In that conversation state whether you spoke of the terms upon which you could sell it.

Plaintiff objects, as immaterial and irrelevant, and leading. Objection overruled and exception noted.

A. We talked of the land and what commission we would

Beatty v. Russell.

get on different pieces, ranging from twenty-five to one hundred and fifty dollars, and this one piece of land was considered by Mr. Beatty to be worth \$5,000, and that would give us a strong commission on that piece of land.

Q. What commission did you talk about?

A. Why, we talked about getting \$5,000 and paying Mr. Russell \$4,800.

The plaintiff does not, in his testimony, state what the contract between him or between the firm and Mr. Russell was, but he states as follows:

Q. I will ask you what you did, if anything, in regard to selling some land for Mr. Russell about December, 1889?

A. Well, I will have to go back to the beginning to get the full meaning, won't I? (Mr. Osgood: Yes.) About that time Mr. John Palmer came to me and requested me to go with him to look at an eighty acres of land near Cook. I advised Mr. Palmer not to buy an eighty; that Mr. Russell had three hundred and twenty acres near Burchard that he could buy for forty-eight hundred dollars, on any reasonable time, without paying much, if any, down. He said if he could see Mr. Russell and have a talk with him perhaps he could make a trade. We then went round to the foot of the stairs where Russell lived, over Parker's store. He stopped at the foot of the stairs and I went up and brought Mr. Russell down. I introduced Mr. Palmer to Mr. Russell and told him his business there; that he wanted to buy a farm. I then turned round and went to the post-office. * * *

Q. How long had you had this land on sale?

A. I had it about, between three and four years; three years any way.

And on cross-examination states:

Q. At that time you stated to Mr. Palmer what the land could be bought for, did you?

A. I think I did, sir.

Q. What did you tell him it could be bought for?

Beatty v. Russell.

A. Forty-eight hundred dollars.

Q. That was before Mr. Russell had seen Mr. Palmer about it at all?

A. Yes, sir.

Q. What rate of interest did you state to him that he would have to pay Mr. Russell on the deferred payments?

A. If I stated any at all, it was eight per cent. I would not be positive that I stated any.

Mr. Palmer, the party to whom the land was sold, states in his testimony that Mr. Beatty, before they met Russell, had told him that the price for the land was \$4,800, and the interest on deferred payments eight per cent.

We think this testimony establishes that the contract made at the time when Russell gave authority to sell the land was that it was to net him \$4,800 and the agents were to have any sum in excess of \$4,800 as a commission. This view of the case destroys any claim of the agent to a commission, for the price which Beatty named as the consideration, when talking to the purchaser, Palmer, was the exact sum which the sale of the land was to net to Russell; the contract being that the commission or compensation for effecting the sale, or finding a purchaser, was to be measured by the sum received in consideration for the land in excess of \$4,800, and Beatty having named to the purchaser this sum as the amount required to buy the farm, there could be and was no excess, and hence no commission. Having reached the above conclusion, it becomes unnecessary to discuss the question of whether a partnership ever existed between Beatty and Greer, which, if considered by the jury, must have been solved in favor of defendant, to arrive at the verdict which they did, and being based upon conflicting testimony and not clearly wrong, would not be disturbed; nor is it essential to determine what effect the compromise and settlement, or payment to Mr. Greer, had upon the rights of the parties to this suit.

The counsel for plaintiff in error also raises some ob-

Kofka v. Rosicky.

jections to a modification which was made by the court to an instruction asked by plaintiff. We cannot agree with counsel in this contention, but on the contrary think that, in view of the issues and evidence introduced in the case, the modification was entirely pertinent and proper; and so of the exceptions to the second instruction given at request of defendant, when considered in connection with and to be applied to the testimony before the jury, and construed with all the other instructions given, we fail to discover wherein its giving was erroneous. We are satisfied that the case was fairly submitted to the jury, and the judgment of the district court was right.

AFFIRMED.

JOSEPHINE KOFKA, APPELLANT, V. JOHN ROSICKY ET AL., APPELLEES.

FILED JUNE 26, 1894. No. 4927.

1. **Specific performance of a parol contract** will be enforced by a court of equity, where one party has wholly and the other partly performed it, and its non-fulfillment on the one hand would amount to a fraud on the party who has fully performed it.
2. **Specific performance is a matter of discretion** in a court which withholds or grants relief according to the circumstances of each particular case, where the general rules and principles governing the court do not furnish any exact measure of justice between the parties.
3. **Specific Performance.** *Held*, That the oral contract in this case possessed the elements of certainty, and the proof establishing it was sufficiently clear and satisfactory.
4. **WILLS: PAROL CONTRACTS: ACTION BY ADOPTED CHILD FOR SPECIFIC PERFORMANCE: STATUTE OF FRAUDS.** A girl about seventeen months old was given by her parents to her uncle and aunt under an agreement that they would adopt her and rear, nurture, and educate her, and that she was to be as their own

Kofka v. Rosicky.

child, and at their death to receive, or be left, all the property which they might own. She lived with them until they died, some ten years afterward, took their name, did not recognize or know her own father and mother in the true relation, but knew them as and called them uncle and aunt, and knew and recognized her uncle and aunt as father and mother. The uncle and aunt died possessed of real estate in the city of Omaha, the title to which they did not, either by deed or will, transfer to the child. *Held*, That there was such a part performance of the contract by the parties thereto as entitled her to a decree giving her the title to the property, by way of specific performance of the contract.

APPEAL from the district court of Douglas county.
Heard below before WAKELEY, J.

The opinion contains a statement of the case.

Switzler & McIntosh, for appellant:

The agreement, although not in writing, is such as a court of equity will enforce. (*Briton v. Van Cott*, 33 Pac. Rep. [Utah], 218; *Korminsky v. Korminsky*, 21 N. Y. Supp., 611; *Godine v. Kidd*, 64 Hun [N. Y.], 585; *Van Dyne v. Vreeland*, 11 N. J. Eq., 370; *Sharkey v. McDermott*, 91 Mo., 655; *Wright v. Tinsley*, 30 Mo., 389; *Gupton v. Gupton*, 47 Mo., 37; *Sutton v. Hayden*, 62 Mo., 101; *Hill v. Gomme*, 1 Beav. [Eng. Ch.], 555; *Wall's Appeal*, 111 Pa. St., 460; *Thompson v. Stevens*, 71 Pa. St., 161; *Pollock v. Ray*, 85 Pa. St., 428; *Taft v. Taft*, 41 N. W. Rep. [Mich.], 481; *Slingerland v. Slingerland*, 39 N. W. Rep. [Minn.], 146; *Welch v. Whelpley*, 28 N. W. Rep. [Mich.], 744; *Twiss v. George*, 33 Mich., 253; *Shamp v. Meyer*, 20 Neb., 223; *Dawson v. McFaddin*, 22 Neb., 131; *Franklin v. Tuckerman*, 27 N. W. Rep. [Ia.], 759; *Carmichael v. Carmichael*, 40 N. W. Rep. [Mich.], 176; *Faxon v. Faxon*, 28 Mich., 159; *Sword v. Keith*, 31 Mich., 247; *De Moss v. Robinson*, 46 Mich., 62; *Mundy v. Foster*, 31 Mich., 313; *Johnson v. Hubbell*, 10 N. J. Eq., 332; *Sample v. Collins*, 46 N. W. Rep. [Ia.], 742; *Brown v. Hoag*, 29 N. W. Rep.

Kofka v. Bosicky.

[Minn.], 135; *Ford v. Steele*, 31 Neb., 521; *Winans v. Luppie*, 47 N. J. Eq., 302.)

The contract of adoption is not within the statute of frauds. (*McCormick v. Drummatt*, 9 Neb., 388; *Taylor v. Deseve*, 16 S. W. Rep. [Tex.], 1008; Comp. Stats., secs. 4, 6, ch. 32; *Wallace v. Rappleye*, 103 Ill., 231.)

Mahoney, Minahan & Smyth, contra:

Under the alleged agreement it was the duty of the Spilineks to legally adopt, educate, and treat plaintiff as their own child, and leave her all their property at their death. If the court cannot decree the performance of the whole contract, it will not enforce any part of it. (*Thayer v. Rock*, 13 Wend. [N. Y.], 53; *Pond v. Sheean*, 23 N. E. Rep. [Ill.], 1018; *Meyers v. Shemp*, 67 Ill., 471; *Prante v. Schutte*, 18 Brad. [Ill.], 62; *Hall v. Loomis*, 30 N. W. Rep. [Mich.], 374; *Waterman, Specific Performance of Contracts*, sec. 389; *Nickels v. Hancock*, 7 De G., M. & G. [Eng.], 300; *South Wales R. Co. v. Wythes*, 1 K. & J. [Eng.], 186.)

The plaintiff was not adopted by the Spilineks according to statute. Neither was there any attempt to follow the provisions of our Code. The law of adoption was not and is not a part of the common law. It is purely statutory. Where the statute points out the way in which a thing shall be done, that is the only way in which it may be done. The plaintiff was not legally adopted. (Code of Civil Procedure, secs. 796-800; *Tecumseh Town Site Case*, 3 Neb., 284; *Keith v. Tilford*, 12 Neb., 273; *Shearer v. Weaver*, 56 Ia., 578; *Houx v. Bates County*, 61 Mo., 391.)

A court of equity cannot specifically enforce that part of the contract which imposes upon the Spilineks the duty of legally adopting the plaintiff. (*Shearer v. Weaver*, 56 Ia., 578; Story, *Equity Jurisprudence*, secs. 96, 177; *Long v. Hewitt*, 44 Ia., 363; *Houx v. Bates County*, 61 Mo., 391; Schouler, *Domestic Relations*, 232.)

Kofka v. Rosicky.

The court will not specifically enforce any contract, whether it be oral or written, until the following elements appear therein: Valuable consideration, certainty as to its subject-matter, its stipulations, its fairness, its parties, and the circumstances under which it was made. It must be mutual. It must be perfectly fair, equal, and just in its terms and in its circumstances. (*Minturn v. Seymour*, 4 Johns. Ch. [N. Y.], 497; *Bulman v. Porter*, 100 Mass., 337; *Nichols v. Williams*, 22 N. J. Eq., 63; *Rogers v. Saunders*, 16 Me., 92; *Benedict v. Lynch*, 1 Johns. Ch. [N. Y.], 370; *Willard v. Taylor*, 8 Wall. [U. S.], 557; *Woods v. Farmare*, 10 Watts [Pa.], 203.)

The alleged contract is not certain either in its subject-matter, its purposes, or the circumstances under which it was made. (*Hennessy v. Woolworth*, 128 U. S., 438; *Purcell v. Miner*, 4 Wall. [U. S.], 517; *Nickerson v. Nickerson*, 127 U. S., 668; Browne, Statute of Frauds, secs. 487, 491; *Walpole v. Oxford*, 3 Ves. [Eng.], 419; *Askew v. Carr*, 8 S. E. Rep. [Ga.], 74; *Gallagher v. Gallagher*, 5 S. E. Rep. [W. Va.], 297; Story, Equity Jurisprudence, sec. 764; *Gorham v. Dodge*, 14 N. E. Rep. [Ill.], 44; *Brix v. Ott*, 101 Ill., 70; *Hamilton v. Harvey*, 121 Ill., 469; *Magee v. Mo-Manus*, 12 Pac. Rep. [Cal.], 451; *Lanz v. McLaughlin*, 14 Minn., 72; *Miller v. Zufall*, 6 Atl. Rep. [Pa.], 350; *Brown v. Brown*, 47 Mich., 384; *Recknagle v. Schmaltz*, 33 N. W. Rep. [Ia.], 365.)

The alleged contract is not mutual. (*Waterman, Specific Performance of Contracts*, sec. 196; *Iron Age Publishing Co. v. Western Union Telegraph Co.*, 3 So. Rep. [Ala.], 449; *Cooper v. Pena*, 21 Cal., 404; *Webb v. Alton Marine & Fire Ins. Co.*, 5 Gil. [Ill.], 225; *Wallace v. Rappleye*, 103 Ill., 229.)

The contract is not fair, equal, and just. (*Jackson v. Ashton*, 11 Pet. [U. S.], 229; *Osgood v. Franklin*, 2 Johns. Ch. [N. Y.], 1; *Walpole v. Oxford*, 3 Ves. [Eng.], 419.)

The contract has not been taken out of the statute of frauds. (*Morgan v. Bergen*, 3 Neb., 209; *Baker v. Wiswell*, 17 Neb., 58; *Poland v. O'Connor*, 1 Neb., 53; *Dawson v. McFaddin*, 22 Neb., 131; *Neale v. Neales*, 9 Wall. [U. S.], 1.)

Plaintiff has not paid anything in pursuance of the contract. Assume that her affection, obedience, and services, if there were any, would take the place of payment; still that would not hold, because by the terms of the contract she was not required to do those things. (*Horn v. Ludington*, 32 Wis., 73; *Morgan v. Bergen*, 3 Neb., 209.)

Possession must be obtained under the agreement and in part performance of it to take the case out of the statute of frauds. (*Moore v. Small*, 7 Harris [Pa.], 468; *Cronk v. Trumble*, 66 Ill., 428; *Wood v. Thornly*, 58 Ill., 464; *Padfield v. Padfield*, 92 Ill., 198; *Hart v. Carroll*, 85 Pa. St., 508; *Ballard v. Ward*, 89 Pa. St., 358; *Miller v. Zufall*, 6 Atl. Rep. [Pa.], 350; *Ferbrache v. Ferbrache*, 110 Ill., 210; *Kaufman v. Cook*, 114 Ill., 11; *Clark v. Clark*, 122 Ill., 388; *Wallace v. Long*, 5 N. E. Rep. [Ind.], 666; *Pond v. Sheean*, 23 N. E. Rep. [Ill.], 1018.)

The plaintiff is not entitled to performance on the ground of equitable fraud. (3 Pomeroy, Equity Jurisprudence, sec. 1409, note 2; *Morgan v. Bergen*, 3 Neb., 209; *Parkhurst v. Van Cortlandt*, 1 Johns. Ch. [N. Y.], 273; *Pierce v. Catron*, 23 Gratt. [Va.], 588; *Pond v. Sheean*, 23 N. E. Rep. [Ill.], 1018; *Gallagher v. Gallagher*, 5 S. E. Rep. [W. Va.], 297; *Waterman*, Specific Performance of Contracts, secs. 263, 268; *Wheeler v. Reynolds*, 66 N. Y., 227.)

Lamb, Ricketts & Wilson, amici curiæ, contending that the contract under consideration is in nowise affected by the operation of the statute of frauds, cited: *Powder River Live Stock Co. v. Lamb*, 38 Neb., 339; *McCormick v. Drummett*, 9 Neb., 388; *Connolly v. Giddings*, 24 Neb., 131; *Kiene v. Shaeffing*, 33 Neb., 21; *Stowers v. Hollis*, 83 Ky.,

Kofka v. Rosicky.

544; *Wooldridge v. Stern*, 42 Fed. Rep., 311; *Hall v. Solomon*, 23 Atl. Rep. [Conn.], 876; *Taylor v. Deseve*, 16 S. W. Rep. [Tex.], 1008; *Thomas v. Armstrong*, 10 S. E. Rep. [Va.], 6; *Aiken v. Nogle*, 27 Pac. Rep. [Kan.], 825; *Browne*, Statute of Frauds [4th ed.], 275-285, and authorities cited; *Stadleman v. Fitzgerald*, 14 Neb., 292.

HARRISON, J.

December 8, 1888, the following petition was filed in the district court of Douglas county.

"The plaintiff, Josephine Kofka, appears by her next friend, James Kofka, and for her cause of action alleges the fact to be that this plaintiff was born in Omaha, Nebraska, on the 16th day of March, 1877; that her father's name is James Kofka, who appears here as her next friend, and her mother's name is Mary Kofka, both of whom were then residing in Omaha, and have ever since here resided; that the parties to this suit are all of Bohemian nationality; that soon after her birth, to-wit, in the month of August, 1878, there were living in Omaha, John Spilinek, deceased, and his wife, Anna Spilinek, the latter being a sister of the plaintiff's mother. During said month the said John Spilinek and Anna Spilinek, who never had any children of their own, requested of plaintiff's parents the privilege of taking this plaintiff with them to live with them as their child. The parents of plaintiff having several children, one of whom at that time was only a few weeks old, fully considered the matter, and having full confidence that plaintiff would receive at the hands of John and Anna Spilinek the care and affection which is due from parents to child, consented to said request, but only upon the expressed and well understood conditions, to be hereinafter named; that is to say, James Kofka and Mary Kofka, the parents of the plaintiff, gave up the care, custody, and control of said child, in the said month of August, 1878, on the consideration and agreement, then and there assented

Kofka v. Rosicky.

to by the said John and Anna Spilinek, that they would legally adopt and receive the said child as their own, would care for her, rear and educate her, and that she should have their fullest and best affection, and at their death she, the plaintiff, should inherit and be left all the property with which they died possessed.

"Plaintiff further says that she went to live with the said John and Anna Spilinek at the time above mentioned, on the terms aforesaid; that she continued to live uninterruptedly with them until their death, which came to John Spilinek on September 16, 1888, and to Anna Spilinek on September 19, 1888. The plaintiff says that during all of said time she conducted herself toward the said Spilineks as an affectionate and obedient child and received at their hands all the devotion and love a child should receive from parents; that she had, for several years previous to their death, assisted her aunt, Anna Spilinek, in the work about the house, in the way of washing, making up the beds, house cleaning, going on errands, and generally doing at their request anything within her power; that she has of late years been going to the public schools of the city of Omaha, where she was always enrolled and known as Josephine Spilinek, and, in fact, she has always gone by that name, and never knew any other until the death of the said John and Anna Spilinek. Plaintiff says the said John and Anna Spilinek always called her their own child, and so treated her, and she was told and given to understand by them that her own father was her uncle and her own mother her aunt, and she knew not the contrary until after September 19, 1888, and she always believed, and in her own mind cannot but believe yet, that the said John and Anna Spilinek were her real father and mother.

"The plaintiff further says that the said deceased, John Spilinek and Anna Spilinek, often, during the last ten years, expressed and made known to friends and acquaintances, and to the plaintiff's parents, their intention to leave

Kofka v. Rosicky.

this plaintiff all their property at their death, and these promises and declarations on the part of both were made up to and within a few days of and on the very day of their death, and plaintiff says that up to the very time of their death they intended to leave their property to this plaintiff; that the said deceased always intended to fulfill their agreement of adoption by legal proceedings according to the statutes, but all parties concerned were on intimate and friendly terms, and the matter was allowed to go by, all feeling secure, and that for all intents and purposes plaintiff was as fully their child as if the formalities had been gone through, until it was finally prevented by his sudden death as hereinafter mentioned.

"Plaintiff further says that on the 16th day of September, 1888, the deceased John Spilinek was suddenly overtaken by a loss of control of his mental faculties and while thus afflicted shot himself dead, and inflicted mortal wounds at the same time upon his said wife; that John Spilinek died within a short time on the same day, but his said wife Anna lingered until September 19, 1888, when she died from the effects of said wounds. Plaintiff says there was no marital or family difficulty whatever to induce this conduct on the part of said John Spilinek, but it was wholly caused by despondency brought on by fancied business embarrassments.

"Plaintiff says that the deceased John Spilinek died intestate, but had it not been for his sudden act of suicide, he would have made provision by will for his property to go to his wife during her life, and at her death, to this plaintiff, as was his oft-expressed desire and intention up to the very time of his death.

"Plaintiff alleges that Anna Spilinek, deceased, while in the full and complete control of her mental faculties, and recalling her deceased husband's desire in the premises as well as their agreement, did on September 17, 1888, make and execute a will in writing, which said will was duly

Kofka v. Rosicky.

probated and allowed on the 20th day of November, A. D. 1888, by the terms of which all the real and other property of which she died possessed, subject to two or three small debts, was left to this plaintiff, whom she calls therein, 'our adopted child, Josepha Kofka.' The following is a copy of said will:

"LAST WILL OF

"I, Anna Spilinek, of Douglas county and state of Nebraska, being aware of the uncertainty of life, but of sound mind and memory, do make and declare this to be my last will and testament in manner following, to-wit: I give, devise, and bequeath unto our adopted child, Josepha Kofka, all of mine real estate, money, personal property, and other effects that I may be possessed of or entitled to after my decease, subject, however, to all my legal debts; that is to say, I and my husband owe to Karel Spilinek \$150, and to John Barta \$50, and to Barbara Spilinek \$9. I also further declare that out of the above real estate and money \$100 be set and given to my father, Frank Radil. Signed this 17th day of September, 1888, at Omaha, Nebraska. ANNA SPILINEK.

"Signed in the presence of

"JAMES ENGELTHALE.

"FRANK MERKWICKA.

"VACLAV BENAK.'

"The plaintiff says that the defendant John Rosicky is the duly appointed, qualified, and acting administrator of the estate of the said John Spilinek; that the other defendants named, to-wit, Anton Spilinek, Frank Spilinek, Vincent Spilinek and Albert Spilinek, being of ages respectively fifty-three, fifty-one, forty-nine, and forty-two years, are brothers of said John Spilinek, deceased; that they are all non-resident aliens living at Skuhrov, Bohemia, except Anton, and he is a resident and citizen of Nebraska.

"Plaintiff alleges that the defendant Anton Spilinek claims to be the sole heir at law of the estate of John

Spilinek, his brothers being non-resident aliens, and disputes the right of this plaintiff to inherit any property whatever from the estate of the said John Spilinek, and he claims to be the sole heir to the real estate mentioned herein, and maintains that this plaintiff has no rights in the premises. The other brothers are made defendants in this case and brought into court out of caution, in view of our present law with respect to non-resident aliens.

"The plaintiff says that at the time of his death the deceased John Spilinek was possessed of the following real estate, situated in the city of Omaha, of the value of about \$6,500; that is to say: The east half of lot 4, in block 11, and the east half of the west half of lot 4, in said block 11, S. E. Rogers' addition to Omaha, Nebraska. The defendant Herman Tombrinck claims a mortgage on the property described herein for \$600, bearing date May 4, 1887, which appears of record in Douglas county as a lien on said property, but whether the same is genuine or unpaid this plaintiff has no information, and in order to put said Herman Tombrinck to his proof in the premises, she denies said mortgage is *bona fide* and valid lien on said property.

"The plaintiff says that since she and her parents have fully performed the agreement herein mentioned on their part, whereby they yielded the possession of and control over this plaintiff to said deceased parties, and she yielded to them the obedience, services, and devotion of a child for over ten years, and would have continued so to do but for their death, and that by their own acts during their lives she knew no other mother or father save them, and that whereas these decedents fully expected and intended she should inherit their property at their death, plaintiff says it would be a fraud on her and on them to have their agreements in that particular violated. The plaintiff therefore brings her cause before this honorable court on its equity side and prays that she may be decreed a specific perform-

Kofka v. Rosicky.

ance of the contract mentioned herein and that she be declared to be the lawfully adopted child of the deceased John and Anna Spilinek ; that she may be declared the legal heir to the property described herein, and all other property of said deceased, and to hold the same free from any claim or right the other defendants may have or claim in or to the same, and for such further relief in the premises as the facts in the case may entitle her."

We copy the allegations of the petition entire, for the reason that it is probably as short and complete a statement of the plaintiff's cause of action as can be made and fully set forth the same. A demurrer to the petition was filed, argued, and overruled, and the answer, filed by defendant March 7, 1890, which joined the issues upon which the case was tried and determined, contained two counts, the first of which was as follows:

"Now comes the said defendants, John Rosicky, administrator, Anton Spilinek, Frank Spilinek, Albert Spilinek, Vincent Spilinek, and answering for themselves only, deny each and every allegation in the petition filed in said cause except those expressly admitted herein.

"Defendants admit that plaintiff was born in Omaha, Nebraska; that her father's name was James Kofka and her mother's name Mary Kofka, and that both of them were residing in Omaha when the said plaintiff was born; that the parties to this suit are of Bohemian nationality; that the said plaintiff lived with the said John Spilinek, deceased, for some years; that in 1878 John Spilinek and his wife, Anna Spilinek, a sister of plaintiff's mother, resided in Omaha; that said John Spilinek and Anna Spilinek never had any children of their own; that plaintiff resided with the said John Spilinek and Anna Spilinek at the time of their death, and that John Spilinek died on September 16, 1888, and Anna Spilinek on the 19th day of September, 1888; that the said plaintiff has of late years attended the public schools of the city of

Omaha; that on the 16th day of September, 1888, the deceased, John Spilinek, was afflicted by a loss of control of his mental faculties, and while thus afflicted, shot himself dead, and inflicted a mortal wound at the same time upon his said wife; that the said Spilinek in a short time died and his said wife lingered until September 19, when she died from the effects of said wound; that there was no marital or domestic difficulty whatever to induce this conduct on the part of the said James Spilinek, but was wholly brought on by fancied business embarrassments; the deceased died intestate; that the will, a copy of which is set out in the petition, was signed by Anna Spilinek; that the defendant John Rosicky is the administrator of the estate of said John Spilinek, as alleged in the petition; that the other defendants, Anton Spilinek, Frank Spilinek, Albert Spilinek, and Vincent Spilinek, are brothers of the deceased, as set out in the petition; said brothers are all non-residents, except Anton Spilinek, and that he is a resident of the state of Nebraska; that said Anton Spilinek claims to be the sole heir at law of the estate of John Spilinek, and denies the right of the plaintiff to inherit any property whatever from the estate of the said John Spilinek, and he claims to be the sole heir to the real estate mentioned herein, and maintains that said plaintiff has no right to the premises; that the deceased, John Spilinek, was possessed of the real estate described in the petition at the time of his death, and that the defendant claims a mortgage upon said premises, as alleged in said petition.

“Further answering defendants say that they have no knowledge or belief concerning the date of plaintiff's birth, nor concerning the allegation that she continued to live on uninterruptedly with the said deceased until their death; nor that she conducted herself toward the said deceased as an affectionate and obedient child and received from the hands of the deceased all the love and devotion that she should receive from her parents; nor that she had, for sev-

Kofka v. Bosteky.

eral years previous to the death of the deceased, assisted in the work about the house as alleged in said petition; nor that she was enrolled in the public schools as Josephine Spilinek, and that she was always known by that name and never knew any other until the death of the deceased; nor that said deceased called her their child."

The second count of the answer pleads the statute of frauds. The trial of the case, as regards the rights of the plaintiff, was had July 17, 1891, and the issues were determined in favor of defendants and the action of plaintiff dismissed, and the case brought to this court on appeal by plaintiff.

The evidence in this case discloses that the mother of the plaintiff, Mary Kofka, was the sister of Mrs. Spilinek; that they were living near each other in the city of Omaha, with their husbands, John Kofka and John Spilinek. The Kofkas were the happy possessors, at the time (August, 1878) when it is alleged the transaction occurred between them out of which this suit springs or to which we may refer as its source, of four children, among them the plaintiff, then about seventeen months old. The Spilineks had no children, and it was agreed between the parties that the plaintiff should be taken by the Spilineks, to be reared, educated, and cared for as if she was their own daughter,—they stating that any property they might have or own during life should be given to her, or be hers, at their death, and that they would adopt her and make her their heir. Pursuant to this agreement the plaintiff was taken to the house of the Spilineks, who, at the time of these occurrences, were poor, and, as appears from the testimony, living in a shanty in the street. The plaintiff, from this time until the death of the Spilineks,—of whom John Spilinek died September 16, 1888, having on that day shot first his wife and then himself, he dying immediately and she two or three days later,—lived with the Spilineks and was taught to and did call them father and mother and

treated them as such, and did not know her own father and mother, although she saw them almost, and possibly, every day, but accepted them as, and considered and called them, aunt and uncle, knowing no better, yet she went to the premises where they resided and played with their other children, thinking they were her cousins and treating them as such; that she did not know but what the Spilineks were her parents until after their death, when she was so informed by her mother and other parties. The plaintiff was known at school as "Josie," or "Josephine Spilinek," and so wrote her name at all times after she learned to write. In fact there seems to have been a complete loss of her identity, personality, or individuality as a Kofka, and an assumption of the Spilinek, as much so, apparently, as if her whole being, both mental and physical, had been changed. The evidence further shows that she was a good, obedient, and dutiful child to the Spilineks, and also that they treated her well and affectionately. At all times, in all places, and under all circumstances, Spilinek and his wife treated, looked upon, claimed, and acknowledged the plaintiff as their "child" or "girl." The Kofkas, on their part, never made any claim to her or her services, or attempted to take her from the Spilineks, or by word or deed to inform her that they bore any other relation to her than that of uncle and aunt; and through all this was interwoven, as a part of the life and vitality of the agreement, the proposition that the plaintiff was to have the property. It was always spoken of when the matter was mentioned between them, which was very frequently, and the Spilineks made it a subject of conversation with a number of persons, friends, and acquaintances, some of whom were called and so testified; and in a letter written by Spilinek, September 12, we find reference made to "my girl," which must be taken to mean the plaintiff, and in the will of Mrs. Spilinek, made just prior to her death, she fully recognized the position and rights of the plaintiff.

We are satisfied, after a careful examination, comparison, and analysis of all the testimony in the record, that the contract was one clear and definite in its terms and obligations, and was both made and performed as such with reference to the property rights to accrue or inure to or in favor of plaintiff as much as with reference to any other portion of it.

The Spilineks had acquired some property, a piece of real estate, the title to which is now in controversy in this case, for which, according to the evidence, Spilinek was at one time offered \$4,000. There was also an agreement to adopt the plaintiff, or at least so the parties testify, and the parents and Spilineks often conversed about "assigning" her, but it does not seem to have been considered by them as one of the essentials of the compact, and which must necessarily be accomplished, but as something more of a formal nature, or character; nor do we think it was so inseparably connected with the other part of the contract as to carry it along with it and render it incapable of enforcement, if so capable in any event, provided the agreement to adopt cannot be decreed to be performed, which we think unquestionably it cannot be, as in this state the matter of adoption is statutory, and the manner of procedure and terms are all specifically prescribed and must be followed, and involve a written consent by the parties, a relinquishment by those possessing the rights to and over the child, and an acceptance by the person or persons desiring to acquire such rights and a decree by the judge of the county court, which introduces an element barring the jurisdiction of a court to decree specific performance in the first instance.

Having reached the conclusion that a contract was entered into, the query now arises, was it one of which a court of equity can and will decree a specific performance? The property which the plaintiff seeks to recover is real estate, and it is contended that the contract, resting entirely

in parol, is within the statute of frauds and hence cannot be enforced. Courts in the past (whether such action was wise or unwise we will not now stop to discuss) have removed or exempted from the operation of the statute of frauds certain cases in which they have concluded that the hardship forced to be endured by the parties was greater than was warranted by the benefit to be derived from enforcing the rule, and there has gradually arisen classes of cases known as "exemptions from the rule of the statute," and one class embraces what is called "cases of specific performance of parol contracts for the transfer or conveyance of real estate." The agreement in this case did not contain anything by which it can be known whether the transfer of the property to plaintiff was to be effected by will or by deed, and our inquiry in reference to the power of the court to decree performance cannot be confined to either, but must include both. There is a line of authorities emanating from some of our able courts of last resort, most notably those of Indiana, Illinois, and Iowa, which denies the right to specific performance of a contract similar to the one under which the claim in this case arises, mainly upon the ground that the statute was enacted to cover just such cases; that it will work no hardship to require parties to put all such agreements in writing and that the testimony of witnesses should not be received, probably several years after the happening of the event, to establish a contract by parol, by which the course of the descent of lands will be changed. These are strong and cogent reasons, and it is not our province to attack or attempt to refute them. As we understand it, they are the underlying, principal reasons for the rule as embodied in the statute; but we do not think the rule should be so rigidly adhered to as to accomplish a fraud as against one of the persons affected by the contract to which it is to be applied. It is a matter of discretion in the court which withholds or grants relief, according to the circumstances of

each particular case, when the general rules and principles which govern the court will not furnish any exact measure of justice between the parties. (2 Story, Equity Jurisprudence, sec. 742 ; *Clarke v. Koenig*, 36 Neb., 572.)

Van Dyne v. Vreeland, first reported in 11 N. J. Eq. 370, and on a second hearing, was a case in which "The father of an infant child made an agreement with an uncle of the infant, at the uncle's request, to this effect, that the uncle should take the infant and adopt him as his own child, and that he would treat him as his own son, and that the property he should have should be given to the child, so that it should belong to him at the death of the uncle and his wife. The uncle took the child and had him baptized, and the child assumed his surname, and lived with him twenty-five years. Held, that the child might maintain his bill upon the agreement after such performance." Also, "Where a father makes an agreement in reference to his infant child, from which benefits are to accrue to the child upon his performance of the agreement, after performance, the child, in his own name, may file his bill to enforce the agreement. The party for whose benefit the agreement is to be performed, and especially if any valuable portion of the consideration has been rendered by him, has a legal right to enforce it. It is of no consequence that the promise to fulfill it was not made directly to the person who is entitled to remuneration. It is enough if it was made by some one who had authority to make it on his behalf." In the text of the opinion it was stated: "In this case, if the agreement, which is the ground of the bill, is of such a character as could be enforced by either party if it were in writing, then, I think, there can be no doubt but that there has been such a part performance in this case by the complainant as will take the agreement out of the operation of the statute. The bill alleges that the agreement has been fully performed by the father of the complainant, one of the parties by whom it was made, and by the complainant,

upon whom it imposed certain duties and obligations. The facts stated show that the complainant and his father have performed their part of the agreement as fully as such an agreement could be performed. There is nothing more for them to do. The complainant cannot be denied his redress by the mere interposition of the statute. The question is, is it an agreement of a character which can be enforced in equity?" In the report of the case in volume 12 it was held: "The principles of equity will be applied to new cases as they are presented, and relief will not be withheld merely on the ground that no precedent can be found." In the opinion the court says: "The agreement was this: Vreeland and his wife were to adopt the boy. He was to be given up to them and to be under their management and control, and when they died he was to have their property. It is true the agreement does not state whether the property should be secured to the complainant by deed, so that he might enjoy it when they died, or whether it should be left him by will. * * * In this case part performance is set up in avoidance of the statute. I think the answer admits, and the evidence shows, a substantial performance of the agreement on the complainant's part, as well as such part performance on the part of the defendant himself, as will take the case out of the operation of the statute. There has been such a performance on both sides as puts the complainant in a situation which is a fraud upon him unless the agreement is fully performed." This was a case very similar in its facts and incidents to the one at bar and directly in point.

The case of *Van Tine v. Van Tine*, 15 Atl. Rep., 249, is another case decided by the New Jersey court. The case is stated and the rule announced in the first section of the syllabus as follows: "A father gave his child, then only a few months old, to S., his sister, with a mutual understanding that she was to provide for the child and bring her up as her own. She thereupon took charge of the child, re-

Kofka v. Rosicky.

fused to give her up to her father, and had her baptized in her own name, by which the child was always known. The child always lived with S., assisted her in her household duties, called her 'mother,' and was not informed of her parentage until she was eighteen years old. S. often stated that the child was to have all her property, and about fourteen years before her death made a will, bequeathing to the child all her personal property, at which time she owned none but personal estate. But a few months before her death she purchased the land in question. Her death was sudden and there was nothing to show that she bought the land to prevent that much of the estate going to the child. Held, that the child was entitled to the land, as the agreement of S. to receive her as her own was valid and binding, though not in writing, and had been partially performed." In the opinion the court said: "The obligations of parties to each other are ascertained as well by what they say as by what they do; admissions often giving the best and truest interpretation to contracts previously entered into; or doings showing what has previously been agreed to be or promised should be done. When Mrs. Stryker, being childless, said to her brother Peter, the father of Jessie, that she would take Jessie and would treat her as her own child, she meant just what she said, both in law and in conscience. She meant that Jessie should have all the benefit of the relation of parent and child. If individuals are ever to be taken at their word and held to it by the courts, surely they should be so taken under such circumstances as are here presented. How can the court say that Mrs. Stryker did not mean just what she said? and how can it say that she did not, by what she said, most fully and distinctly bind herself to perform all the obligations of a parent towards a child towards Jessie? And were not those obligations so made of the same force as she would have been under to a child of her own loins? I cannot see how obligations, so vol-

untarily assumed by a citizen, so affecting the highest welfare of an infant of the tenderest years, can be regarded as otherwise than the most sacred and binding. There was part performance of the obligation." (See, also, *Johnson v. Hubbell*, 66 Am. Dec. [N. J.], 773, and authorities cited in note on page 784, under the head of "Agreements to make particular disposition of property by will. (1) Validity of such agreements, and (3) mode of enforcement in equity.") "It seems to be settled that the payment of the consideration will not in general be deemed such a part performance as to relieve a parol contract from the operation of the statute; but the reason for this, viz., that in such a case the repayment of the consideration will place the parties in the same situation in which they were before, shows that the rule applies to a moneyed consideration. If the consideration for the contract be labor and services, those may sometimes be estimated and their value liquidated in money, so as measurably to make the promisee whole on the promisor's rescission of the contract; but in a case where the services rendered were of such a peculiar character that it is impossible to estimate their value to the promisor by any pecuniary standard, * * * it is out of the power of any court, after the performance of the services, to restore the promisee to the situation in which he was before the contract was made, or to compensate him in damages. Such a case is clearly within the rule which governs courts of equity in carrying parol agreements into effect, where possession has been taken of landed property or moneys laid out in improvements upon land which the testator agreed to devise in consideration of care and maintenance during his life." (*Rhodes v. Rhodes*, 3 Sandf. Ch. [N. Y.], 279.)"

In *Wright v. Wright*, 58 N. W. Rep., 54, a Michigan case, the court held: "Defendant in his second year was indentured to deceased until his majority. When he was eight, deceased and his wife, being childless, adopted him under the law then in force and his name was changed.

He gave them his entire services without pay till he was over twenty-two, when deceased died. The widow testified that they intended that he should be their heir; that her husband believed that this was effected by the adoption; that defendant thought he was their child till after her husband's death, and that they never talked about paying him for his services. The adoption law was held unconstitutional. Held, that defendant's performance entitled him to the inheritance, by way of specific performance of the oral contract," and states in the opinion: "In *Shahan v. Swan*, reported in 26 N. E. Rep., 222, the supreme court of Ohio expressly recognize the doctrine of these cases. It there said: 'Notwithstanding that it is the established rule in Ohio that the payment of the consideration, even in the personal service of the party seeking relief, does not ordinarily constitute such part performance as will take the case out of the operation of the statute, we do not wish to be understood to hold that cases may not arise where specific performance of a contract in parol may be had on the ground that the consideration had been paid in personal services not intended to be and not susceptible of being measured by a pecuniary standard.'

Sutton v. Hayden, 62 Mo., 101, was a case in which one Mrs. Green made an agreement by which she took, in its infancy, the child of her brother, upon the understanding that at her death all the property owned by her should go to the child. The child was to come and live with her, be as a daughter to her, and take care of her for the remainder of her life. The child entered upon the performance of her part of the agreement, and throughout the course of Mrs. Green's life rendered the services, and, so far as lay in her power, performed her part of the agreement. Mrs. Green died without having in any way secured the property to the child. Say the court: "There are things which money cannot buy; a thousand nameless and delicate services and attentions, incapable of being the subject of explicit

Kofka v. Bosicky.

contract, which money, with all its peculiar potency, is powerless to purchase. The law furnishes no standard whereby the value of such services can be estimated, and equity can only make an approximation in that direction by decreeing the specific execution of the contract." See, also, *Sharkey v. McDermott*, 91 Mo., 655, 60 Am. Rep., 270, where it was held that an agreement by a man and his wife to adopt a child, provide and care well for her, and leave her their property at their death, performed on the part of the child, is enforceable as to the property on their death.

In *Brinton v. Van Cott*, 33. Pac. Rep. [Utah], 218, it was held as follows: "A verbal contract, whereby plaintiff agrees to live with and take care of an old woman until her death in consideration of her promise to leave all her property to plaintiff, is taken out of the statute of frauds by the rendition of the services during the lifetime of the woman; and after her death, equity will specifically enforce the contract, on the theory of part performance, since the services rendered are of a peculiar character, not intended by the parties to be measured by a pecuniary standard.

* * * A contract by which an old woman, in apparent good health and having the expectancy of many years of life, agrees to leave all her property, worth about \$5,000, to a sixteen-year-old girl, in consideration of the latter's promise to live with and take care of her as long as she lives, is not void for want of mutuality and fairness; and after her death the contract will be specifically enforced in favor of the girl, who performed her part of the agreement though the woman died within three or four months after the execution of the contract." Also, "In this territory the statute of frauds is in full force. (2 Comp. Laws, sec. 2831.) It is therefore incumbent upon the appellant to show by her complaint that she has partly or wholly performed her contract, so as to take it out of the statute of frauds. 'When the consideration of the agreement consists in work, labor, and services personally done and ren-

Kofka v. Rosicky.

dered by the plaintiff, if the value of the same can be ascertained with reasonable accuracy in an action at law, and adequately compensated by the recovery of damages, then neither the services themselves nor the payment for them will avail as a part performance of the verbal agreement; but if the services are of such a peculiar character that it is impossible to estimate their value by any pecuniary standard, and it is evident that the parties did not intend to measure them by any such standard, then the plaintiff, after the performance of these services, could not be restored to the situation in which he was before, or be compensated by any recovery of legal damages.' Under these circumstances the rendition of the services is a part performance of a verbal agreement. The act of part performance of a verbal agreement for services must be such that it would be a fraud upon the party performing for the other party to refuse to perform his part as agreed between them. (Pomeroy, Contracts, sec. 114.)" See, also, *Korminsky v. Korminsky*, 21 N. Y. Supp., 611; *Godine v. Kidd*, 64 Hun [N. Y.], 585; *Jaffee v. Jacobson*, 1 C. C. A., 24; *McKinnon v. McKinnon*, 5 C. C. A., 530; *Haines v. Haines*, 6 Md., 435.

We will not further quote or cite authorities. We are fully convinced that the weight of authority and reason preponderates in favor of the position that the contract in the case at bar was such a one as a part performance will relieve from the operation of the statute of frauds; that there was a full performance of the contract on the part of the plaintiff and such a part performance by the Spilineks as did so take it out of the operation of the statute. We are further satisfied that the child had a right to bring the action to enforce the contract made for it by the parents, and that the proof of the contract was sufficiently clear, definite, satisfactory, and unequivocal to call for its enforcement by a court of equity, in the exercise of its discretion. The judgment of the district court is reversed, so

Merrill v. Wright.

far as it affected the rights of the plaintiff herein, and a decree is ordered in this court in favor of appellant, that the title to the property, described in the petition, is in appellant, and that it be quieted in her, except as against the mortgage liens thereon prior to the death of the Spilineks.

DECREE ACCORDINGLY.

H. A. MERRILL, APPELLEE, V. JOANNA C. WRIGHT ET AL., APPELLANTS.

FILED JUNE 26, 1894. No. 5471.

Tax Liens: PRESUMPTION OF ASSESSMENT OF TAXES: FORECLOSURE: EVIDENCE: PLEADING. To uphold the validity of a tax lien sought to be foreclosed, neither a levy nor assessment of taxes will be presumed from the mere introduction in evidence of a treasurer's receipt for taxes, or such treasurer's certificate of a purchase at tax sale, when the existence of such levy and assessment have been put in issue by the answer.

APPEAL from the district court of Douglas county.
Heard below before WAKELEY, J.

Andrew Bevins, for appellants, cited: *Ruth v. Lowrey*, 10 Neb., 272; *Miller v. Hurford*, 13 Neb., 13; *Towle v. Holt*, 14 Neb., 227; *Wright v. People*, 4 Neb., 410; *Hassett v. Curtis*, 20 Neb., 164; *Garrison v. Aultman*, 20 Neb., 314; *Aultman v. Leahey*, 24 Neb., 289; *Plummer v. Shellhorn*, 24 Neb., 535; *Olds Wagon Co. v. Benedict*, 25 Neb., 375; *White v. Woodruff*, 25 Neb., 804; *Otoe County v. Mathews*, 18 Neb., 470.

Henry W. Pennock, contra:

There is a presumption of law in favor of the due performance of official duty by public officers where such duty is enjoined upon them by law. (*Taylor v. Wilson*, 17 Neb., 88.)

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55	768

RYAN, C.

Plaintiff in her petition alleged that at public tax sale on November 9, 1887, she bought, for the then due and delinquent taxes of the year 1886 thereon, the west one-half of lot 7, block 24, of the city of Omaha, and paid the county treasurer therefor the sum of \$76.46, which was the amount of the county and city taxes of the year 1886, together with interest, penalty, and costs allowed by law, and accordingly received the certificate of such treasurer; that as a part of said tax sale plaintiff was required to pay, and did pay, to said county treasurer other items of taxes on said premises which were due and delinquent at the time of said sale to the amount of \$340. An itemized statement of the several items which made up the above aggregate sum of \$340 was set out in the petition, from which it appeared that there were thus paid Omaha city taxes of the years from 1879 to 1884, inclusive, the sum of \$193.96; special Omaha taxes (sidewalk) for 1876, 1880, 1882, 1883, and 1887 the sum of \$65.80. The balance, of \$80.24, was for curbing and guttering. Plaintiff further alleged that after said purchase, and as holder of the tax title, she paid city taxes for 1887, 1888, and 1889, amounting, principal and interest, to the sum of \$143.05, and in the year 1889, instalments of special paving tax, amounting, principal, interest, and costs, to \$92.67. In the petition were these averments:

"6. A tax deed, if taken out on said real estate under and by virtue of said treasurer's certificate of tax sale, would be invalid and ineffectual to convey title to said property, and the plaintiff elects to consider said tax certificate and accompanying receipts a lien on said premises in the nature of a mortgage and to foreclose the same as by law provided."

No reason is given for the assumption that the tax deed, if issued, would be invalid and ineffectual to convey title.

Merrill v. Wright

We shall therefore accept this conclusion as fully warranted by the facts. The petition contained the averments that Joanna C. Wright was, at the time of the filing of the petition, and prior thereto had been, the owner of the real property against which relief was sought; that no proceedings at law had been had for the recovery of the amount of said taxes, and closed with a prayer for a foreclosure of the lien for the payment of the taxes paid, interest, and costs. By the answer it was admitted that Joanna C. Wright was, at the time of the pretended tax sale, and still continued to the date of filing said answer, the owner of the premises against which the foreclosure of a lien was sought, and that no proceedings at law had been had to recover the moneys alleged to have been paid by plaintiff. Following these admissions was a denial of each and every allegation not admitted in the answer. There was a decree of foreclosure as prayed in plaintiff's petition, from which the defendants appeal to this court.

We shall not enter into a detailed review of the discussion in the brief as to the sufficiency of other averments of the answer, for this general denial was sufficient, whatever may have afterward been inartistically traversed. In the reply there was an admission that the taxes described in the petition were assessed and levied against said lot, and that the tax receipts described in the petition were issued to plaintiff upon payment thereof. These admissions were responsive to no averments of the answer, and cannot be treated as part of the petition in stating a cause of action. (*Savage v. Aiken*, 21 Neb., 605; *Hastings School District v. Caldwell*, 16 Neb., 68; *Holmes v. Hutchins*, 38 Neb., 601.)

In *Merriam v. Hemple*, 17 Neb., 345, it was held that "where the purchaser, at a void sale of real estate for taxes, pays the taxes legally levied upon the real estate for subsequent years, upon a failure of his title he will be subrogated to the rights of the county to the extent of the legal taxes so paid by him, with legal interest, even though the

taxes upon which the sale was had were void by reason of the default of the assessor in not filing the proper oath with the assessment roll." This principle, we presume, is that upon which plaintiff bases her right to a foreclosure, but, as will be observed, this goes no farther than to hold that an irregularity in the assessment will not render void the tax lien.

As a sufficient answer to several points made by appellants in this court the appellee quotes the following language of this court found in *Otoe County v. Mathews*, 18 Neb., 470: "Whatever may have been the holding of this court in cases where it has been sought in a purely legal action to enforce a tax title, or whatever might be the ruling in a direct proceeding against the officers charged with the duty of assessing, levying, or collecting taxes while such proceedings are *in elimini* based upon the failure of the assessor to take, subscribe, or return the oath prescribed by the statute or upon other illegality in the proceedings, it is clear and well settled that in a proceeding in the nature of equity to enforce a tax lien the court will look to the statute and not to the assessment as a foundation of such lien, and will regard the amount of the taxes against the property in question as borne upon the books of the county as unalterably established." The language quoted refers to irregularities in the assessment, though these are styled "illegalities in the proceedings." There is no language, however, either in this or any other opinion of this court which holds taxes paid a lien irrespective of whether such taxes were founded upon any levy or assessment whatever.

In the case under consideration the taxes paid were for the most part city taxes, a large part of which was in discharge of special assessments. There was in the petition no averment of either a levy or of an assessment of taxes. The appellee expressly averred that if she took a tax deed on the sale of the real estate to her, such deed would be invalid and ineffectual to convey title to her. Why this

result would follow is not stated, and for aught that appears in the petition it might have been because of the entire absence of either a levy or assessment. It would be requiring at our hands too much to ask us to assume that the deed would vest no title on account of mere irregularities. The appellee voluntarily placed herself in the same position as would have been the county had it attempted to collect taxes by a foreclosure proceeding. In such a case the county would have been obliged to allege and prove that there had been a levy and assessment—mere irregularities would not invalidate either, but both must be shown to have existed.

In her foreclosure proceedings the appellee had no right to rely upon the county treasurer's certificate of purchase as being sufficient to evidence anything more than the regularity of the sale proceedings conducted by him. This certificate formed the basis of a part of the right of recovery urged in the district court. Another part depended upon mere receipts which recited the payment of money for specified taxes. In *Ellison v. Albright*, 41 Neb., 93, filed at this term, it was held by this court that "as against strangers thereto a receipt is incompetent evidence of the payment thereby acknowledged, for, as against such strangers; such receipt is but the hearsay declaration of the party who signed it, made without opportunity for his cross-examination and independently of the sanction of his oath." To hold that such a receipt would be evidence against third parties of the binding force of the obligation which impelled payment would be absolutely unwarranted, and yet we must go to this extent if we hold that tax receipts are proof of the existence of a levy and assessment of the taxes in evidence of the payment of which the receipt was given. As there was neither plea nor proof of a levy or assessment the judgment rendered by the district court is

REVERSED.

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MICHAEL LAMB V. STATE OF NEBRASKA.

FILED JUNE 26, 1894. No. 5706.

1. **Larceny: SUFFICIENCY OF PROOF: REVIEW.** On the trial of this case the only questions which arose worthy of consideration were as to the sufficiency of the proof to justify a conviction, upon full consideration of which it is found that the verdict of conviction was fully justified.
2. **Criminal Law: NEW TRIAL: JUROR'S KNOWLEDGE OF CHARACTER OF ACCUSED.** Ordinarily, the discretion of the trial judge in overruling a motion for a new trial will not be disturbed when the sole grounds for said motion are admissions of a juror as to his knowledge of the character of the accused, when such admissions have no reference to the facts tried, especially when upon his *voir dire* examination such juror had answered that he had no bias or prejudice which would prevent impartial action on his part.

ERROR to the district court for Platte county. Tried below before SULLIVAN, J.

W. F. Oritchfield, Higgins & Garlow, and M. B. Gearon,
for plaintiff in error.

George H. Hastings, Attorney General, for the state.

RYAN, C.

This case originated in Boone county. After a change of venue, the defendant was convicted in Platte county. The charge upon which he was found guilty was that he had aided, abetted, procured, incited, and hired Robert Nickerson and Lafayette Bolingbroke to steal certain cattle, the property of Simons & Co., of the value of \$345. These cattle were, after the alleged larceny, found among cattle owned by the defendant, whose connection with and responsibility for the said larceny were established by the direct evidence of both Nickerson and Bolingbroke. In

Lamb v. State.

addition to this, George Schoolcraft, a disinterested witness, testified to some very damaging expressions which he had heard uttered by the defendant to Nickerson concerning the proposed theft of the cattle before they were stolen. The evidence of the defendant himself was in contradiction of that of the three witnesses named, and was explanatory of the fact that the stolen cattle were found with his own. There were several witnesses sworn, the testimony of whom tended to show that the cattle were not removed to Garfield county on the exact date which the witnesses for the prosecution fixed as that upon which they were driven into said county. These were questions of fact which were submitted to the jury for consideration in the determination of the guilt of the accused. The evidence was amply sufficient to sustain the conviction which followed, notwithstanding these trifling discrepancies.

Criticism of instructions has been freely indulged in, but no error of any prejudicial tendency has been pointed out. No instructions were asked on behalf of the accused, so that no question arises on account of modifications or refusal of requests in that respect.

Affidavits were filed to show the existence of prejudice entertained against the defendant by Mr. Hale, a juror. This showing, however, was not of prejudice, correctly speaking. The affiants, as to this matter, said that the statement of Mr. Hale was that he knew that Lamb was a dangerous man whom it would not do to let get away; that he had known said Lamb for five years to have been at the head of a gang of cattle thieves, who stole cattle and ran them up into the reservation and sold them, and that such men should not be allowed to run at large. The record does not show what questions were propounded to this juror upon his *voir dire* examination. In the affidavits of counsel for the accused it appears, however, that Mr. Hale on such examination answered that he had no bias or prejudice against the defendant, and had formed no

City of Beatrice v. Brethren Church of Beatrice.

opinion as to his guilt, and that he knew of no reason why he could not render a fair and impartial verdict. In ruling upon the motion for a new trial the court evidently assumed that these answers were more to be relied on than the affidavits filed to discredit the competency of Mr. Hale as a juror. Affidavits as to language used by jurors, after their duties as such have ceased, as to their reasons for their verdict, as a general rule, are entitled to no great consideration, for the very reason that the juror himself would not ordinarily be heard to impeach the verdict to which he had assented, by alleging the existence of bias or prejudice upon his own part influencing him improperly. This is especially true where upon consideration of all the evidence there is found no room for doubt of the guilt of the accused. The judgment of the district court is

AFFIRMED.

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**CITY OF BEATRICE ET AL. V. BRETHERN CHURCH OF
BEATRICE.**

FILED JUNE 26, 1894. No. 6896.

1. **Municipal Corporations: SPECIAL ASSESSMENTS: CHURCH PROPERTY: EXEMPTIONS.** The exemptions provided by section 2, article 9, of the constitution of Nebraska are solely with reference to taxes assessed by valuation for general purposes, and have no applicability to special assessments or special taxation of property benefited for local improvements under authority of section 6 of the same article.
2. ———: ———: ———. Chapter 14 of the Session Laws of 1887, in so far as it relates to the above subject, is construed in harmony with the construction given the sections just referred to.

ERROR from the district court of Gage county. Tried below before HASTINGS, J.

The facts are stated by the commissioner.

E. O. Krelsinger, for plaintiff in error;

Church property which is used exclusively for religious purposes is not exempt under section 2, article 9, of the constitution, supplemented by section 2, article 1, chapter 77, Compiled Statutes, from special assessments for local improvements in cities of the second class having more than five thousand and less than twenty-five thousand population. (*City of Big Rapids v. Board of Supervisors of Mecosta County*, 58 N. W. Rep. [Mich.], 358; *Dillon, Municipal Corporations*, secs. 761, 773, 777; *Worcester County v. City of Worcester*, 116 Mass., 193; *City of Hartford v. West Middle District*, 45 Conn., 462; *Board of Improvement v. School District of Little Rock*, 19 S. W. Rep. [Ark.], 969; *Matter of the Mayor*, 11 Johns. [N. Y.], 77; *Mayor and City Council of Baltimore v. Proprietors of Green Mount Cemetery*, 7 Md., 517; *State v. City of Newark*, 27 N. J. Law, 187; *Trustees of Illinois-Michigan Canal v. City of Chicago*, 12 Ill., 406; *Cooley, Taxation*, 147, 606; 2 *Desty, Taxation*, p. 1235; *Northern Liberties v. St. John's Church*, 13 Pa. St., 104; *Emery v. San Francisco Gas Co.*, 28 Cal., 346; *City of Chicago v. Baptist Theological Union*, 2 N. E. Rep. [Ill.], 254; *Elliott, Roads & Streets*, pp. 370, 376; *Municipality No. Two v. Dunn*, 10 La. Ann., 57; *New Jersey M. R. Co. v. Jersey City*, 42 N. J. Law, 97; *Bleecker v. Ballou*, 3 Wend. [N. Y.], 263; *New Jersey Railroad & Transportation Co. v. City of Elizabeth*, 37 N. J. Law, 330; *Brewster v. City of Syracuse*, 19 N. Y., 116; *Protestant Foster Home Society v. Mayor of Newark*, 36 N. J. Law, 478; *Buffalo City Cemetery v. City of Buffalo*, 46 N. Y., 506; *Roosevelt Hospital v. Mayor of New York*, 84 N. Y., 108; *Illinois Central R. Co. v. City of Decatur*, 126 Ill., 92; *Sheehan v. Good Samaritan Hospital*, 50 Mo., 155; *City of Lafayette v. Male Orphan Asylum*, 4 La. Ann., 1; *Zabel v. Louisville Baptist Orphans' Home*, 17 S. W. Rep. [Ky.], 212; *City of Atlanta v. First Presbyterian Church*, 86 Ga.,

City of Beatrice v. Brethren Church of Beatrice.

730; *Boston Seamen's Friend Society v. Mayor and Aldermen of Boston*, 116 Mass., 181; *City of Philadelphia v. Contributors to Pennsylvania Hospital*, 22 Atl. Rep. [Pa.], 744; *In the Matter of College Street*, 8 R. I., 474; *Lockwood v. City of St. Louis*, 24 Mo., 20; *City of Raleigh v. Peace*, 110 N. Car., 34; 2 Lawson, Rights, Remedies & Practice, sec. 633; Boone, Law of Corporations, sec. 90, note 11; 2 Beach, Public Corporations, secs. 1172, 1173; *Winnona & St. P. R. Co. v. City of Watertown*, 44 N. W. Rep. [S. Dak.], 1072; *City of Sioux City v. Independent School District of Sioux City*, 55 Ia., 150; *Kemper v. King*, 11 Mo. App., 116; *Flint v. Webb*, 25 Minn., 93; *White v. City of Bloomington*, 94 Ill., 604; *Sigler v. Fuller*, 34 N. J. Law, 227; *Sloan v. Beebe*, 24 Kan., 343; *Lufkin v. City of Galveston*, 58 Tex., 545; *Adams County v. City of Quincy*, 22 N. E. Rep. [Ill.], 624.)

Murphy & Le Hane, contra, cited: *Von Steen v. City of Beatrice*, 36 Neb., 421.

RYAN, C.

This proceeding was brought in this court to review the ruling of the district court of Gage county upon a general demurrer to the petition of the defendant in error. In this petition it was alleged that the plaintiff therein named was a corporation existing and owning property on which was its house of worship in the city of Beatrice; that the city of Beatrice, the defendant named in the petition, was a public corporation duly organized and existing under and by virtue of the laws of the state of Nebraska providing for the incorporation of cities of the first-class having less than twenty-five thousand and more than ten thousand inhabitants. Omitting the general averments which would naturally be expected in such a petition, it is sufficient to say that the special matters as to which relief was sought were, that, on August 27, 1889, the city of Beatrice by

ordinance created paving district No. 4, which included within its prescribed boundaries the real property of the plaintiff on which was situate its church, which was used exclusively for religious purposes; that on October 22, 1890, the said city passed an ordinance levying and assessing an assessment and tax on said district and all the real estate situated within its limits, the amount levied and assessed against the real property of plaintiff being \$206.61, payable in instalments, one-tenth in each year after its assessment, except that the first one-tenth fell due in fifty days from the passage, approval, and publication of the last above named ordinance. It was alleged in the petition that for some of these instalments the real property of the plaintiff had been sold at tax sale, and purchased by Alexander Q. Smith, who, unless prevented, in due time would apply for and procure a deed to plaintiff's aforesaid real property. There were like averments made as to curbing ordered and sidewalks constructed along plaintiff's property, the cost of which was specially assessed against said property, and it was averred that if not prevented, the title to said property would be clouded by a tax deed issued in pursuance of sale for the satisfaction of the above special assessments. The sole ground upon which the right to relief was based was, that the property sold at tax sale was church property, used exclusively for religious purposes. Upon the overruling of the demurrer to the petition a decree was entered in accordance with its prayer, and the cause was brought to this court for review of the ruling of the district court on the aforesaid demurrer. Incidentally several questions might be considered,—for instance, the rights of Smith as a purchaser,—but as the most vital question presented involves the right of exemption of church property from liability for assessments for the cost of paving and curbing and of constructing sidewalks on adjacent streets, that question alone will be considered.

The case of *Von Steen v. City of Beatrice*, 36 Neb., 421,

City of Beatrice v. Brethren Church of Beatrice.

was considered solely with reference to chapter 14, Session Laws of 1887, and it was held that the chapter named operated to repeal all former acts on the same subject. In the course of the opinion delivered by POST, J., he referred to the statutory provision for special assessments for public improvements, as in the case of paving of streets adjacent thereto, and remarked that this question had never been presented to the courts in this state, and that this court found upon the subject an irreconcilable conflict of opinion. Following these observations, this was his language: "It is provided by section 2 of our revenue law (ch. 77, Comp. Stats.) that 'the following property shall be exempt from taxation in this state: First, the property of the state, counties, and municipal corporations, both real and personal; second, such other property as may be used exclusively for agricultural and horticultural societies, for school, religious, cemetery, and charitable purposes.' Similar provisions have been construed as exempting the property mentioned therein from all contributions in the nature of taxation, whether imposed for public purposes under general revenue laws or for local improvements such as are denominated special assessments. Opposing this view is the doctrine, quite as well sustained by authority, that the immunity from taxation relates only to general, state, county, or other municipal taxes, and not to assessments for improvements made under special laws or ordinances and local in their nature. It is not deemed necessary to review the cases cited in support of the different views by their respective advocates, since the solution of the question here presented depends upon a construction of the charter of the defendant city." The remainder of this opinion was devoted to the facts presented as governed solely by the provisions of the act of 1887 heretofore referred to.

For the reason that afterward, in *State v. Birkhauser*, 37 Neb., 521, NORVAL, J., questioned one of the conclusions reached in *Von Steen v. City of Beatrice*, *supra*, doubts as

to the thoroughness with which the last named case was presented have received considerable confirmation. In the opinion in the Von Steen case no reference was made to the provisions of our constitution, and as the brief filed by plaintiff in error in the case at bar ignores the constitutional bounds which must in such cases limit legislation, it is easy to believe that the Von Steen case was presented, and perhaps considered, without special reference to the constitution. If the statute of 1887 can be fairly construed so that its provisions harmonize with those of the constitution, such a construction should undoubtedly prevail rather than one which creates an irreconcilable conflict between them. With a view to showing how harmony can exist I quote from article 9 of our constitution section 6 and that portion of section 2 pertaining to our purpose, which are as follows:

"Sec. 2. [*Exemption from Taxation.*].—The property of the state, counties, and municipal corporations, both real and personal, shall be exempt from taxation, and such other property as may be used exclusively for agricultural and horticultural societies, for school, religious, cemetery, and charitable purposes, may be exempted from taxation, but such exemptions shall be only by general law," etc.

"Sec. 6. [*Municipal Taxes.*].—The legislature may vest the corporate authorities of cities, towns, and villages with power to make local improvements by special assessment, or by special taxation of property benefited. For all other corporate purposes, all municipal corporations may be vested with authority to assess and collect taxes, but such taxes shall be uniform in respect to persons and property within the jurisdiction of the body imposing the same."

It is clear that section 2 prescribes the rule which must govern in the assessment of taxes properly so designated. Protected by the provisions of a statute sanctioned by this section, the property of churches used for religious purposes is exempted from the general burden of taxation. It does

not necessarily result from this, however, that such property can by statute be exempted from special assessments on account of special benefits conferred by public improvements of the streets and sidewalks adjacent thereto. In *State v. Dodge County*, 8 Neb., 124, this court had under consideration section 6, above quoted. In the opinion of MAXWELL, C. J., there were reviewed kindred constitutional provisions of other states. For instance, he said that the constitution of Arkansas provides that "all property shall be taxed according to its value. * * * The general assembly shall have power to tax merchants, bankers, pedlars, and privileges in such manner as may be prescribed by law. * * * It was held that this provision did not prohibit the legislature from authorizing counties and incorporated towns to impose a tax upon billiard tables, ten pin alleys, taverns, groceries, and the like for municipal purposes and as a police regulation for the pre-ervation of good order. (*Washington v. State*, 13 Ark., 752; *Dillon, Municipal Corporations*, sec. 592.)" In the above opinion was quoted a provision of the constitution of Ohio, that "laws shall be passed taxing by a uniform rule all moneys, etc., and also all real and personal property according to its true value in money." Another section quoted required the legislature to "provide for the organization of cities and incorporated villages by general laws and to restrict their power of taxation, assessment, borrowing money, contracting debts, and loaning their credit so as to prevent the abuse of such power." Referring to these provisions, MAXWELL, C. J., remarked that it was held that "legislation authorizing cities and villages to levy special assessments for the purpose of improving streets upon real estate peculiarly and specially benefited and in proportion to such benefit was not repugnant to any provision of the constitution. (See, also, *City of Zanesville v. Richards*, 5 O. St., 589; *Baker v. City of Cincinnati*, 11 O. St., 534; *Exchange Bank of Columbus v. Hines*, 3 O. St., 1.)" Similar constitutional

provisions of the states of California, Indiana, Massachusetts, Mississippi, Missouri, Oregon, and Wisconsin were likewise reviewed in detail in this opinion, each sustaining the result above announced with reference to similar constitutional provisions. The consensus of these authorities is that an assessment to reimburse a municipal corporation for such benefit as it has conferred upon an adjacent lot by reason of pavements or sidewalks laid along side it is not an exercise of the power to tax in the generally accepted meaning of that term.

Section 6, article 9, of our constitution was again considered by this court in *Hanscom v. City of Omaha*, 11 Neb., 37. The opinion was delivered by MAXWELL, C. J., who said: "The words 'by special assessment or by special taxation of the property benefited' [which occurred in the statute conferring powers upon cities of the class of Omaha] refer to and mean the same thing, viz., that special assessments may be made upon property to the extent of the benefits received by it. Taxation by special assessment differs from general taxation in this, that they can be imposed only to the extent of the special benefits received, while the benefits which the taxpayer receives in return for general taxation are the enforcement of the laws, protection to life and property, and such other benefits as are shared by the public at large. The principle which underlies special assessments is that the value of the property is enhanced to an amount at least equal to the assessment. This principle cannot be departed from without taking private property for public use."

In *Kittle v. Shervin*, 11 Neb., on pages 80 and 81, is reported the following language of COBB, J., by whom the opinion of the court was written. He said: "In an important case lately argued in this court, involving a construction of the section above referred to [section 6, article 9, constitution], the court was undivided in the opinion that the provisions of said section applied to pre-

City of Beatrice v. Brethren Church of Beatrice.

vious legislation, and that under them the corporate authorities of cities, towns, or villages could be vested with power to levy and collect but two kinds of taxes, first, by special assessment or by special taxation (two ways of expressing the same thing) of property benefited—this only for purposes of local improvements; second, for all other corporate purposes to assess and collect taxes, but such taxes to be uniform in respect to persons and property within the jurisdiction of the body imposing the same. (*Hanscom v. City of Omaha, ante*, p. 37.)”

This court has, therefore, recognized a distinction between taxation for general purposes and assessments on account of special benefits conferred to adjacent property. If no such difference in fact existed, the provisions of section 1, article 9, of our constitution would absolutely prohibit the assessment of lots on account of benefits conferred by public improvements adjacent thereto, for, except as his property is specially benefited, the adjacent lot owner has no more concern with such improvements than has any one else of the general public. He can only use the improved highway in the same way and for the same purposes as may any other individual. On him would be inflicted the same punishment for obstructions placed thereon as would be visited upon an utter stranger in the city for the same offense, notwithstanding the fact that with his own private means alone this portion of the highway had been rendered fit for the use of the general public. If the special benefit to his adjacent property presents no ground for its special assessment, it is difficult to see how the legislature has provided for necessary revenue by levying a tax by valuation so that (as required by section 1, article 9, of the constitution) each person shall pay a tax in proportion to the value of his property. The exemptions provided by section 2, article 9, of our constitution have reference solely to the general tax by valuation provided in the immediately preceding section, and have no application whatever to the

special assessment or special taxation of property benefited by local improvements as contemplated by section 6 of the same article. The closing sentence of section 6, just referred to, is significant, for, following the provision that the legislature may vest the corporate authorities of cities, towns, and villages with power to make local improvements by special assessment or by special taxation of property benefited, said sentence provides that "for all other corporate purposes all municipal corporations may be vested with authority to assess and collect taxes, but such taxes shall be uniform in respect to persons and property within the jurisdiction of the body imposing the same." The last sentence quoted clearly excludes from the provision requiring uniformity with respect to persons and property the special assessment or special taxation contemplated in the first sentence of the same section. These considerations strongly countenance the assumption that the framers of our constitution had in mind the distinction afterwards recognized by this court between the power of general taxation and the power to make payment for local improvements by special assessments, and that, by sections 1 and 2 of article 9 of the constitution, one general rule, with its exception, was provided, while by section 6 of the same article, another general rule, with its exceptions, was laid down,—each of these clauses, with its attendant exception, being independent of the other. Any other construction than this creates a confusion between the two clauses just distinguished and gives but little other than confusing force to the last clause of section 6, for thereby, except in so far as section 1 and section 6 are in hopeless conflict, the latter is but the useless reiteration of the former. This construction should therefore be avoided, if, consistently with the language of these sections, a more reasonable one can be found which gives a harmonizing effect to all provisions of both. This result is attained by excluding from section 6 the exemptions declared in section 2 of article 9 of the constitution, and this is be-

Sterling Lumber Co. v. Stinson.

lied to be the true construction of these sections. The construction of chapter 14, Session Laws of 1887, should have been conformably to that given the sections of article 9 of our constitution above discussed. It follows that the contention of the defendant in error, that its property used for religious purposes was exempt from special assessments or special taxation on account of special benefits conferred upon said property by the construction of sidewalks and curbing and the laying of pavements on an adjacent street, was without sanction of either the statutes or the constitution of this state. The judgment of the district court is therefore

REVERSED.

STERLING LUMBER COMPANY V. FRED D. STINSON.

FILED JUNE 26, 1894. No. 5799.

Account Stated: SUFFICIENCY OF EVIDENCE. Where plaintiff sued on an account stated, and defendant denied that an account had been stated, but admitted that there was due to plaintiff a less amount than claimed, the finding of the jury sustaining the defendant's averments will not be disturbed when, as in this case, they are sustained by competent evidence, no error of law having occurred on the trial.

ERROR from the district court of Johnson county. Tried below before BABCOCK, J.

J. Hall Hitchcock, for plaintiff in error.

D. P. Storer and *E. Ross Hitchcock*, contra.

RYAN, C.

Plaintiff, by its petition filed in the district court of Johnson county, alleged that between it and the defendant

there was stated an account whereby it was agreed that there was due from defendant to plaintiff the sum of \$151.05, which sum the defendant accordingly agreed to pay; that he had failed so to do; and there was a prayer for the amount named, with interest and costs. These averments were denied by the defendant; who admitted in his answer that there was due from defendant to plaintiff the sum of \$75, for which sum he tendered judgment. Judgment was rendered in favor of plaintiff for but \$75, conformably to the verdict of a jury on a trial of these issues, and from this judgment the plaintiff prosecutes error to this court. There was sufficient evidence to sustain the verdict rendered, for there was disputed evidence as to whether an account was stated or not. As an original question, it is probable the weight of the evidence preponderated in favor of the verdict as returned. Certainly there is no such lack of support as would justify interference by this court. The instructions of the court fairly presented to the jury the law which should be applied in determining whether or not there was an account stated. The verdict, therefore, cannot be disturbed either because of lack of evidence to sustain it, or on account of error of law in giving or refusing instructions applicable to the issues presented.

It is urged that there was error in admitting in evidence Exhibits A, B, and C. These were statements of account claimed by the defendant to have been made out by the agent of plaintiff, and were properly admissible upon that theory, to sustain the defense pleaded in the answer. As plaintiff's cause of action was on an account stated, he could recover only by showing both the account and unqualified assent of defendant to its correctness. The court, therefore, very properly excluded from the jury's consideration the showing made by the books of account of plaintiff, independently of the alleged account stated.

Errors are urged as to the admission of testimony, but

Clarke v. State.

as this matter was presented on the petition in error only as "errors of law occurring at the trial, duly excepted to," they cannot be considered. The judgment of the district court is

AFFIRMED.

JOHN CLARKE V. STATE OF NEBRASKA.

FILED JUNE 26, 1894. No. 6815.

Larceny: SUFFICIENCY OF EVIDENCE. The evidence in this case held not to have justified a conviction of plaintiff in error of the crime of larceny, as charged in the information against him.

ERROR to the district court for Webster county. Tried below before BEALL, J.

John M. Chaffin and James McNeny, for plaintiff in error.

George H. Hastings, Attorney General, for the state.

RYAN, C.

The plaintiff in error was convicted in the district court of Webster county upon the charge of unlawfully and feloniously stealing, taking, and leading away a gelding. The evidence showed that the horse led away from the livery stable of F. M. Reed was the property of the accused. There was evidence that it had previously been levied upon by a constable under and by virtue of a writ of attachment in his hands, issued in an action pending before a justice of the peace in said county, the accused being the defendant named in said action. The horse was, after the levy, placed in the livery stable of F. M. Reed for safe keeping, from whence it was removed by the plaintiff in error. The conviction was upon an information which

Stephenson v. Flagg.

alleged that the horse was owned by F. M. Reed. It is quite possible that the accused should have been punished for his misconduct. We are unable, however, to find any justification in the statutes of this state for convicting him of larceny, under the proofs as made. The judgment of the district court is

REVERSED.

JAMES STEPHENSON ET AL. V. EVERETT S. FLAGG,
ADMINISTRATOR.

FILED JUNE 26, 1894. No. 4699.

1. **Negligence: COLLISION ON STREET: PERSONAL INJURIES:**
EVIDENCE. The verdict in this case was sustained by ample evidence as to all points in issue. A review of it is therefore unnecessary.
2. **Instructions: REVIEW: ASSIGNMENTS OF ERROR.** Where the assignments in the petition in error challenge the correctness in group of any of the trial court's rulings either as to the giving or refusing to give instructions, no consideration of such assignment can be had in this court further than to ascertain that the challenge is not well founded as to any instruction in the group in respect to which such assignment is made.

ERROR from the district court of Douglas county. Tried below before CLARKSON, J.

Edward W. Simeral and J. C. Cowin, for plaintiffs in error.

Howard B. Smith and Clinton N. Powell, contra.

RYAN, C.

On March 6, 1889, there was filed in the district court of Douglas county the petition of Ada E. Flagg against James Stephenson and Cornelius F. Williams, partners doing business under the firm name of the Omaha Cab Com-

Stephenson v. Flagg.

pany. The damages claimed were alleged in the petition to have been sustained by plaintiff having been struck and injured while driving on Douglas street in Omaha, and that the collision was caused by the negligence of defendants, through the fault of the driver of one of the defendants' Hansom cabs. The petition at length described the nature of the injuries sustained by plaintiff, and closed with a prayer for judgment in the sum of \$5,241 and costs. The answer was an admission of the existence of the partnership alleged as existing between defendants, their ownership of a Hansom cab, and a denial of every other allegation of the petition, closing with an averment that whatever injury had been sustained by plaintiff was entirely owing to her own carelessness. There were returned two verdicts, upon the first of which no judgment was rendered. On the trial which followed the setting aside of the first verdict there was a second verdict for plaintiff. Judgment was rendered on this last verdict for \$2,000, for the reversal of which the defendants filed their petition in error in this court, accompanied by a proper transcript and bill of exceptions.

The first contention of plaintiffs in error is that there was no sufficient evidence to sustain the verdict. The evidence urged as wanting is that which would show that the injuries described on the trial had in February of 1891 were traceable to the accident which occurred April 7, 1887. If there had been no evidence save that of the expert physicians produced by the plaintiffs in error, this argument would be entitled to consideration. After all, this very evidence was not positive as to the relation of cause and effect. It was full as to present ailments and the manifestations attending them, but when the cause was inquired into it was with the result that the injury sustained might have been the original inception of Mrs. Flagg's present suffering, or they might have arisen from other causes. It is not difficult to believe that the uncertainty

developed by the examination of these expert witnesses was caused by the lapse of almost three years after the occurrence of the accident, before their examination of the defendant in error. These witnesses admitted that the ailments described on the trial by Mrs. Flagg might have resulted from the accident of which she made complaint in her petition. On the other hand, there was abundant evidence to sustain the verdict of the jury: First, as to the good health of Mrs. Flagg before April 7, 1887; and, second, as to the change in her health following upon the injury, and that it was of such nature as to be reasonably imputed to it. There was detailed in evidence the history of her case, showing the gradual development of new and unfavorable symptoms, until were reached the results described on the trial. This class of testimony was given, not only by herself, her mother, and her husband, but by her attendant physicians as well. It may be pertinently observed in this connection that from the time of her injury until the trial in February of 1891, Mrs. Flagg seemed almost constantly to have been under medical treatment. The evidence was amply sufficient to justify the verdict in not only this, but in every other respect.

No other errors alleged in the petition in error are argued, except criticisms are made of the instruction given, and of those refused. Of those given of the court's own volition there is argued error only as to the use of the word "carelessness" in the fourth paragraph. As this assignment of error was as to Nos. 5 and 6, as to which no criticism is even attempted coupled with No. 4, we cannot consider the error urged as inhering in No. 4 alone. The petition in error alleged that the court erred in giving paragraphs Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13 at the request of the defendant in error. As might well be supposed, there would be no error found in each one of these several paragraphs, and this assignment requires us to prosecute inquiry no farther than this point.

There is assigned error in the petition in error, in that the court refused to give paragraphs numbered 5 and 6 of the instructions asked by plaintiffs in error. Of these paragraphs, that numbered 5 required the jury to find against the defendant in error, if, at the time of the accident, she was on the north or left-hand side of Douglas street, provided that if she had been on the other side of said street the accident would not have happened. We know of no reason for such a radical statement of the law as this would require, and no attempt has been made in argument to show one. The fifth and sixth paragraphs of the instructions asked by the plaintiff in error were, therefore, properly refused. The judgment of the district court is

AFFIRMED.

41	374
44	406
44	656
41	374
50	910
51	236
51	658
51	878
55	101
55	257

JOHN FITZGERALD, FOR HIMSELF AND ON BEHALF OF ALL OTHER STOCKHOLDERS OF THE FITZGERALD & MALLORY CONSTRUCTION COMPANY, APPELLANT, V. FITZGERALD & MALLORY CONSTRUCTION COMPANY AND THE MISSOURI PACIFIC RAILWAY COMPANY, APPELLEES.

FILED JUNE 26, 1894. No. 5309.

- 1. Corporations: ABUSE OF TRUST BY OFFICERS INTERESTED IN RIVAL COMPANY: ACTION BY STOCKHOLDERS FOR BENEFIT OF CORPORATION.** Where the officers of a corporation responsible for its management are shown to have abused their trust to the great damage of such corporation in the interest of another corporation of which they were then and still remain managing officers, any stockholder of the corporation wronged may bring an action in his own name for the benefit of the wronged corporation against the other corporation above referred to, for the redress of such grievance and for an accounting between said corporations, and for these purposes may properly join both corporations as defendants.

2. ———: ———: ———: PARTIES: FOREIGN RECEIVER. A receiver appointed by a court in another state than Nebraska is not a necessary party in this state to a suit on behalf of or against the corporation for which such receiver was so appointed.
3. ———: LIABILITY FOR TORTS OF OFFICERS. A corporation is liable civilly for all damages occasioned by the torts of its officers or agents committed within the scope of their employment as such.
4. ———: ACQUIESCENCE OF STOCKHOLDERS IN FRAUD OF OFFICERS. The acquiescence of a stockholder will not preclude a recovery in an action brought by him in a proper case for the benefit of such corporation in respect of wrongs committed by the managing officers of said corporation against it for the benefit of another corporation in which they are also officers. In such case, while the stockholder is nominally the plaintiff, he is only nominally so; the action is in reality between the corporations joined as defendants,—the one as the party wronged, the other as the party which profited by the wrong.
5. ———: CONSTRUCTION CONTRACT: COMMUTATION OF CONTRACT RATE: CONSIDERATION. The agreement of a construction company to commute its contract rate of compensation for finished work to a lower rate because of the work not being completed as agreed, in consideration of which commutation the other contracting party consented to presently accept the work in its unfinished condition, afforded a sufficient consideration to sustain the stipulated reduction as a compromise between the parties.
6. ———: ———: ———. Where a construction company had contracted to build a certain railroad line, and had completed the work according to contract, an agreement by its president, without authority, to accept payment at less than the contract price was without consideration and did not release the other contracting party from liability for payment at the full rate fixed by the original contract.
7. ———: PURCHASE OF BONDS AT DISCOUNT BY OFFICERS INTERESTED IN RIVAL COMPANY. In an action on behalf of a corporation to recover the discount at which certain bonds held by said corporation had been by its board of directors ostensibly authorized to be sold to the stockholders of said corporation, resulting, however, in such sale only to the individual directors who voted to authorize it, and to parties in privity with them in wrongfully making such sale, *held*, that the burden of proof strongly devolved upon the purchasers of said bonds at the dis-

count authorized to show affirmatively that the price paid was the fair value of such bonds; and the proofs, as well as the finding of the trial court, having been adverse to such showing, *held further*, that the discount was properly recoverable.

8. —: **CONSTRUCTION CONTRACT: SURVEYS MADE TO INDUCE MUNICIPAL DONATIONS.** Where the contract of a construction company contemplated only the building of a specified line of railroad, the expenses incidental to preliminary surveys made by the construction company with a view to the location of other lines where municipal donations could readily and freely be secured, in large part, for the benefit of the said construction company, are not properly recoverable by said construction company as against the railroad company for which the work of construction was being done, even though some of the officers of the said railroad company, by their conversation, in a measure, countenanced the making of said surveys for the purposes above stated.
9. **Contracts in Writing: PAROL EVIDENCE OF SUBSEQUENT MODIFICATION.** A written contract for the construction of a line of railroad alone does not render incompetent oral evidence of a subsequent contract for supplying the cattle yards, a telegraph line, turn-tables, etc., necessary or proper for the equipment or operation of such line of railroad when completed. The same rule applies as to furnishing nut fasteners and extra ties not within the terms of the original written contract.
10. **Breach of Contract to Procure Right of Way: EVIDENCE: DAMAGES.** Proof of a defective compliance with the laws of congress as to acquiring a railroad right of way across the public domain, without more, cannot be made a ground for the recovery of damages as against the party whose duty it was to properly secure such right of way.
11. **Interstate Commerce Act.** The act of congress entitled "An act to regulate commerce," when it took effect, abrogated all existing contracts with common carriers for special interstate commercial rates, and especially vested in the federal tribunals described in that act exclusive jurisdiction to inquire into and adjust such interstate rates as are alleged to be unfair or discriminative.
12. **Foreign Laws: PRESUMPTIONS.** In the entire absence of proof upon the subject, it is presumed that the rate of interest in another state is the same as that fixed by the statutes of Nebraska.

APPEAL from the district court of Lancaster county.
Heard below before TIBBETS, J.

The case is stated in the opinion of Commissioner Ryan.

Marquett, Deweese & Hall, for appellant:

The Construction Company should be allowed for the full amount agreed upon in bonds for building the first one hundred and fifty miles of road. The findings touching these two items are, in substance, that after the road was completed according to contract, they then modified it and threw off a thousand dollars a mile. There is no consideration for this pretended modification. The rule is well established that where the facts show clearly a certain sum to be due from one person to another, a release of the entire sum on a payment of a part is without consideration, and the creditor may still sue and recover the residue. (*Fire Insurance Association v. Wickham*, 141 U. S., 577; *United States v. Bostwick*, 94 U. S., 53-67; *Lingenfelder v. Wainwright Brewery Co.*, 15 S. W. Rep. [Mo.], 848; *Ayres v. Chicago, R. I. & P. R. Co.*, 52 Ia., 478; *Sherwin v. Brigham*, 39 O. St., 137; *Laidlow v. Hatch*, 75 Ill., 11; *Wimer v. Overseers of the Poor*, 104 Pa. St., 307; *Vanderbilt v. Schreyer*, 91 N. Y., 392; *Tulane v. Clifton*, 20 Atl. Rep. [N. J.], 1086.)

The court below found: "On the 15th day of June, 1886, the said Construction Company had ten miles of said road completed and ready for delivery to the Missouri Pacific Company; that on the 15th of July, 1886, the Construction Company had thirty miles of said road completed and ready for such delivery." The contract was that the bonds were to be delivered as each ten-mile section was built. There were no bonds issued for nine and one-half months after the first ten miles were built, and for eight and one-half months after the first thirty miles were built. For the non-delivery of the bonds the Construction Company should be allowed damages. The measure of damages is interest from the time they were

Fitzgerald v. Fitzgerald & Mallory Construction Co.

due until they were delivered. (2 Sutherland, Damages, sec. 534; *Hinckley v. Pittsburgh Bessemer Steel Co.*, 121 U. S., 264; *McMahon v. New York & E. R. Co.*, 20 N. Y., 463; *Skagit Railway & Lumber Co. v. Cole*, 26 Pac. Rep. [Wash.], 535; *Booth v. Spuyten Duyvil Rolling Mill Co.*, 60 N. Y., 487; *Richardson v. Chynoweth*, 26 Wis., 656.)

The sale by the directors, and purchase by the stockholders, of the Missouri Pacific bonds at a discount was a fraud. Neither directors of a company nor its stockholders can buy its property for less than its value, or sell it for less than its value, without making themselves and all those concerned in it liable for the true value of the property. (*Farmers Loan & Trust Co. v. San Diego Street Car Co.*, 45 Fed. Rep., 527; *Koehler v. Black River Falls Iron Co.*, 2 Black [U. S.], 721; *Goodin v. Cincinnati & White-water Canal Co.*, 18 O. St., 169; *Woodroof v. Howes*, 26 Pac. Rep. [Cal.], 111.)

Without the aid of the Missouri Pacific this fraud in the sale of bonds could not have been committed. At a time when the Construction Company borrowed of Gould for sale \$2,500,000 of bonds, there was due from the Missouri Pacific \$3,170,000 of bonds. Gould had to act for the Missouri Pacific in withholding the \$3,170,000 in order to loan his \$2,500,000. The perpetration was the joint act of Gould and the Missouri Pacific. The Missouri Pacific acted with its directors and the stockholders of the Construction Company. The resolution by which the bonds were sold was passed for its benefit as well as theirs. It got part of the fruits of the sale, and cannot make defense by claiming that the acts by which the wrongs have been committed are not within the corporate powers conferred upon them. A corporation can be guilty of a conspiracy to defraud. (*Cook, Stockholders*, 698; *Denver & R. G. R. Co. v. Harris*, 122 U. S., 608; *Hussey v. King*, 3 S. E. Rep. [N. Car.], 923; *Jackson v. Ludeling*, 21 Wall. [U. S.], 628; *Wayne Pike Co. v. Hammons*, 27 N. E. Rep. [Ind.],

Fitzgerald v. Fitzgerald & Mallory Construction Co.

487; *Barr v. New York, L. E. & W. R. Co.*, 96 N. Y., 444; *Ervin v. Oregon Railway & Navigation Co.*, 27 Fed. Rep., 627; *Peck v. Ellis*, 2 Johns. Ch. [N. Y.], 131; *Miller v. Fenton*, 11 Paige Ch. [N. Y.], 18; *Heath v. Erie R. Co.*, 8 Blatch. [U. S.], 347; *Wilkinson v. Parry*, 4 Russ. [Eng.], 271.)

The conspiracy and wrong must be viewed as a whole. If the Missouri Pacific did anything to aid the conspirators in this sale of bonds, it is responsible for the whole damages, or, after it has received the fruits, the money realized wrongfully, it is liable. A corporation may be a party to a conspiracy. (*Cooley, Torts*, 127, 133; *Magill v. Kauffman*, 4 Serg. & R. [Pa.], 318; *Grand Rapids Safety Deposit Co. v. Cincinnati Safe Lock Co.*, 45 Fed. Rep., 671; *Russell v. Post*, 138 U. S., 425; *Buffalo Lubricating Oil Co. v. Standard Oil Co. of New York*, 42 Hun [N. Y.], 153; *Morton v. Metropolitan Life Ins. Co.*, 34 Hun [N. Y.], 367; *Reed v. Home Savings Bank*, 130 Mass., 443; *Krulevitz v. Eastern R. Co.*, 140 Mass., 573; *Craigie v. Hadley*, 1 N. E. Rep. [N. Y.], 537; *McCartney v. Berlin*, 31 Neb., 411.)

By the act of conspiring together for the purposes alleged, the conspirators assumed to themselves the attributes of individuality, so far as regards the prosecution of the common design, thus rendering what was said or done by any one in furtherance of the design the acts of all. (*Walls v. State*, 125 Ind., 400; *Fogg v. Blair*, 139 U. S., 126.)

Fitzgerald never received any benefits and never acquiesced in the settlement. In order to constitute one a wrong doer by ratification the original act must have been done in his interest, or intended to further some purpose of his own. No majority of a corporation, however large, can misapply the funds of a corporation. A single dissenting voice can frustrate the objects of the majority. (*Cooley, Torts*, 187*; 1 Morawetz, *Private Corporations*, sec., 249; *Woodroof v. Howes*, 26 Pac. Rep. [Cal.], 111.)

The court found that the majority of the directors and stockholders, in all matters where the interests of the Missouri Pacific and the interests of the Construction Company conflicted, acted for the benefit and interest of the Missouri Pacific. In other words, during all these transactions the Construction Company was in the hands of those hostile to it. In cases of this kind laches and acquiescence do not apply. (1 Morawetz, Private Corporations, sec. 531; *Pacific R. Co. v. Missouri P. R. Co.*, 111 U. S., 521.)

On the issue of overcharges for materials hauled by the railway company for the Construction Company there was an agreement for a rate of three-quarters of a cent per ton per mile. The railway company claims exemption for itself from this agreement by published schedules of rates which it says it charged. It will thus be seen that what they claim to be their scheduled rates were in writing, and the only proof would be the printed schedule of what that rate was. It is necessary that the printed schedule should be produced. (*Myers v. Bealer*, 30 Neb., 281; *Wiseman v. Northern P. R. Co.*, 26 Pac. Rep. [Ore.], 272; *American Life Insurance & Trust Co v. Rosenagle*, 77 Pa. St., 514; *Houser v. Austin*, 10 Pac. Rep. [Idaho], 37.)

The verbal agreement is good, and is unaffected by the rate established in the printed schedule. (*Holly v. Blackman*, 10 S. E. Rep. [S. Car.], 774; *Snow v. Alley*, 23 N. E. Rep. [Mass.], 576.)

The court erred in allowing interest at only six per cent. The regular rate in Kansas and Nebraska was seven per cent. The contract was to be performed in Kansas. If a contract is made with reference to the laws of another state the interest is to be calculated according to the place where the work is to be performed. (1 Sutherland, Damages, sec. 357; *Boyce v. Edwards*, 4 Pet. [U. S.], 111; *Lefler v. Dermotte*, 18 Ind., 246; *Von Hemert v. Porter*, 11 Met. [Mass.], 210; *Healy v. Gorman*, 15 N. J. Law, 328.)

There is no proof of what the interest rate is in Kansas

or in New York. It is therefore presumed to be the same as it is in Nebraska. (*Wenger v. Taylor*, 39 Kan., 757.)

As to the right of a stockholder to commence a suit of this kind: The corporation is under the control of the wrongdoers, George Gould, Russell Sage, Sidney Dillon, and Jay Gould, who own a controlling interest in both corporations, and virtually hold the purse-strings of both of them. A demand would be ordinarily nugatory under the circumstances, and it would be wholly contrary to established principles of justice to permit the authors of a wrong to conduct a litigation against themselves as agents of the injured complainants. (1 Morawetz, Private Corporations, sec. 252; *Peabody v. Flint*, 6 Allen [Mass.], 54; *Brewer v. Proprietors of Boston Theatre*, 104 Mass., 378; *Wilcox v. Bickel*, 11 Neb., 154; *Ryan v. Leavenworth, A. & N. R. Co.*, 21 Kan., 365; *Barr v. New York, L. E. & W. R. Co.*, 96 N. Y., 454.)

The majority of stockholders cannot combine against the minority. If they do, they are responsible for every wrong committed by that combination to the minority stockholders. (*Ervin v. Oregon Railway & Navigation Co.*, 27 Fed. Rep., 625.)

B. P. Waggener and A. R. Talbot, for appellees:

No sufficient showing has been made to entitle the plaintiff as a stockholder to maintain this action. The cause of action set forth in his petition is not a cause of action in favor of Fitzgerald, but in favor of the Construction Company. The refusal of the board of directors to act is essential to give a stockholder any standing in court. (*Hawes v. Oakland*, 104 U. S., 450-460; *Detroit v. Dean*, 106 U. S., 541; *Quincy v. Steel*, 120 U. S., 246; *Dimpfell v. Ohio & M. R. Co.*, 110 U. S., 210; *Ivinson v. Hutton*, 98 U. S., 79; *Memphis City v. Dean*, 8 Wall. [U. S.], 64; *Cogswell v. Bull*, 39 Cal., 320; *Talbot v. Scripps*, 31 Mich., 268; *Ware v. Bazemore*, 58 Ga., 318; *Doud v. Wisconsin P. & S. R. Co.*, 65 Wis., 108.)

The Construction Company was formed for the express purpose of giving to the directors of the Missouri Pacific Company a controlling interest in the stock, to secure their influence to make an advantageous contract with the Missouri Pacific Company to sell to it the stock and bonds which the Construction Company might receive from the Denver Company. The officers and directors of the Missouri Pacific Railway Company being so largely interested in the Construction Company, a court of equity will not permit the contract of May 4, 1886, to be made the basis of any action. (*Wardell v. Union P. R. Co.*, 103 U. S., 651-659; *Thomas v. Brownville, Ft. K. & P. R. Co.*, 109 U. S., 524, s. c. 2 Fed. Rep., 878; *Wardell v. Union P. R. Co.*, 4 Dill. [U. S.], 337, 338; *Ryan v. Leavenworth, A. & N. R. Co.*, 21 Kan., 366; *Gilman C. & S. R. Co. v. Kelly*, 77 Ill., 426; *Thomas v. Brownville, Ft. K. & P. R. Co.*, 1 McCrary [U. S.], 392; *Stewart v. Lehigh Valley R. Co.*, 38 N. J. Law, 505; *Paine v. Lake Erie & L. R. Co.*, 31 Ind., 283; *Port v. Russell*, 36 Ind., 60; *European & N. A. R. Co. v. Poor*, 59 Me., 277; *Koehler v. Black River Falls Iron Co.*, 2 Black [U. S.], 715; *Jones v. Morrison*, 31 Minn., 140; *Hoyle v. Plattsburgh & M. R. Co.*, 54 N. Y., 315; *Pickett v. School District No. 1 of Town of Wiota*, 25 Wis., 551-559; *Memphis & C. R. Co. v. Woods*, 88 Ala., 630; *Langan v. Sankey*, 55 Ia., 54; *Blake v. Buffalo Creek R. Co.*, 56 N. Y., 485; *Bestor v. Wathen*, 60 Ill., 138, 139; *Berryman v. Trustees of Cincinnati S. R. Co.*, 14 Ky., 755; *Pearson v. Concord Railroad Corporation*, 13 Am. & Eng. R. Cases [N. H.], 102; *Guild v. Parker*, 43 N. J. Law, 430; *Davis v. Rock Creek Lumber, Flume & Mining Co.*, 55 Cal., 359; *Ward v. Davidson*, 89 Mo., 445; *Parker v. Nickerson*, 112 Mass., 195; *Munson v. Syracuse, G. & C. R. Co.*, 103 N. Y., 58; *Duncomb v. New York, H. & N. R. Co.*, 84 N. Y., 190; *People v. Township Board of Overysel*, 11 Mich., 222; *Flint & P. M. R. Co. v. Dewey*, 14 Mich., 477; *Blair Town Lot & Land Co. v. Walker*, 50 Ia.,

376; *Boyd v. Blankman*, 29 Cal., 19; *Bent v. Priest*, 10 Mo. App., 544; *Cook v. Sherman*, 20 Fed. Rep., 167; *Coleman v. Second Avenue R. Co.*, 38 N. Y., 202; *Butts v. Wood*, 37 N. Y., 317-319; *Ogden v. Murray*, 39 N. Y., 202; *Bliss v. Matteson*, 45 N. Y., 22; *Covington & L. R. Co. v. Bowler*, 9 Bush [Ky.], 468; *Cook v. Berlin Woolen Mill Co.*, 43 Wis., 433; *Abbot v. American Hard Rubber Co.*, 33 Barb. [N. Y.], 578; *Jewett v. Miller*, 10 N. Y., 402; *Samuels v. Oliver*, 130 Ill., 73; *Clarke v. Omaha & S. W. R. Co.*, 5 Neb., 314.)

The item of \$150,000 claimed arises out of a compromise, whereby the railway accepted one hundred and fifty miles of road in an incomplete condition at the rate of \$10,000 per mile, instead of requiring it to be completed and then paying \$11,000 per mile. It was a contract that both companies had a right to make—a fair compromise and settlement of a controversy. The plaintiff, with knowledge of the facts, acquiesced in the settlement and accepted the benefits thereof, and is now estopped to object to the corporate acts or claim the right to rescind that contract. (*Ashhurst's Appeal*, 60 Pa. St., 290; *Taylor v. South & N. A. R. Co.*, 4 Woods [U. S.], 575; *Twin-Lick Oil Co. v. Marbury*, 91 U. S., 592; *Union Gold Mining Co. v. Rocky Mountain National Bank*, 96 U. S., 640; *Indianapolis Rolling Mill v. St. Louis, Ft. S. & W. R. Co.*, 120 U. S., 256; *Pneumatic Gas Co. v. Berry*, 113 U. S., 322-327; *Shelton Hat Blocking Co. v. Eickemeyer Hat Blocking Machine Co.*, 90 N. Y., 607; *Parks v. Evansville, I. & C. S. L. R. Co.*, 23 Ind., 567; *Graham v. Birkenhead L. & C. J. R. Co.*, 2 M. & Gord. [Eng.], 156; *Kitchen v. St. Louis, K. C. & N. R. Co.*, 69 Mo., 226; *Weed v. Little Falls & D. R. Co.*, 31 Minn., 154; *Bell v. Keepers*, 39 Kan., 105; *Gregory v. Patchell*, 33 Beav. [Eng.], 595; *Banks v. Judah*, 8 Conn., 145; *Boston & P. R. Co. v. New York & N. E. R. Co.*, 13 R. I., 260; *Aurora Agricultural & Horticultural Society of Aurora v. Paddock*, 80 Ill., 263; *Stewart v. Erie &*

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Western Transportation Co., 17 Minn., 372; *Goodin v. Evans*, 18 O. St., 150; *McLaughlin v. Detroit & M. R. Co.*, 8 Mich., 100; *Peabody v. Flint*, 88 Mass., 54; *Royal Bank of Liverpool v. Grand Junction Railroad & Depot Co.*, 125 Mass., 490; *Thompson v. Lambert*, 44 Ia., 239; *Terry v. Eagle Lock Co.*, 47 Conn., 141; *Craig v. Bradley*, 26 Mich., 354; *Tyrell v. Cairo & St. L. R. Co.*, 7 Mo. App., 294-299; *Chouteau v. Allen*, 70 Mo. 290; *Perkins v. Portland S. & P. R. Co.*, 47 Me., 591; *Dunks v. Fuller*, 32 Mich., 245; 1 Morawetz, Private Corporations, secs. 262, 264; 2 Morawetz, Private Corporations, secs. 630, 631; *Clarke v. Omaha & S. W. R. Co.*, 4 Neb., 467; *Thomas v. Brownville, Ft. K. & P. R. Co.*, 109 U. S., 524.)

The Construction Company could not maintain an action to rescind the contract of settlement without offering to put the defendant *in statu quo* by returning the bonds received as the consideration of that settlement. (*Estes v. Reynolds*, 75 Mo., 563; *Allegheny City v. McClurkan*, 14 Pa. St., 83; *Rich v. State Nat. Bank of Lincoln*, 7 Neb., 209; *Melton v. Smith*, 65 Mo., 315; *Harvey v. Morris*, 63 Mo., 475.)

The constructive fraud, and the vice with which this settlement is alleged to be tainted, is the same vice which condemns the contracts of May 4, 1886; and the petition and evidence as to the making of the original contracts disclose facts which preclude a court of equity from affording plaintiff any relief. (*Gilman C. & S. R. Co. v. Kelly*, 77 Ill., 426-437; *Flint & P. M. R. Co. v. Dewey*, 14 Mich., 479.)

It was an executed contract of compromise, as a result of controversy over disputed facts. The work to be done was not completed. It was subject to the approval of the chief engineer of the Missouri Pacific, who had not approved it. This provision was binding, and the settlement was made before any sum was due, and is a valid, executed contract. (*De Graff v. St. Paul & P. R. Co.*, 23 Minn., 146; *Delaware Hudson Canal Co. v. Pennsylvania Coal*

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Co., 50 N. Y., 258; *Jackson v. Cleveland*, 19 Wis., 400*; *Hudson v. McCartney*, 33 Wis., 341; *United States v. Roberson*, 9 Pet. [U. S.], 327; *Reynolds v. Caldwell*, 51 Pa. St., 305; *Snell v. Brown*, 71 Ill., 142; *Humaston v. Telegraph Co.*, 20 Wall. [U. S.], 27; *Denver, S. P. & P. R. Co. v. Riley*, 7 Col., 494; *Denver & New Orleans Construction Co. v. Stout*, 8 Col., 65; *Mercer v. Harris*, 4 Neb., 77; *Howard v. Allegheny V. R. Co.*, 69 Pa. St., 489; *Vanderwerker v. Vermont C. R. Co.*, 27 Vt., 126; *School District No. 27, Sarpy County, v. Randall*, 5 Neb., 408; *Kidwell v. Baltimore & O. R. Co.*, 11 Gratt. [Va.], 676.)

The item of \$36,000, claimed on account of Larned Branch, was improperly allowed by the court below. The work had not been done. The building of that line had been abandoned. A proposition to permit the Construction Company to build it at \$10,000 per mile was accepted, the road built, and settlement made on this basis. The acquiescence of the Construction Company and all its stockholders in this settlement precludes them from any right to relief on this item. (*Indianapolis Rolling Mill v. St. Louis, Ft. S. & W. R. Co.*, 120 U. S., 256.)

The road having been abandoned, the Missouri Pacific had the right to pay all damages occasioned by the breach of its contract, if valid, rather than build thirty-six miles of road at \$11,000. The consideration for renewing operations was the proposal of the Construction Company to build the road for \$10,000 per mile. This was a valid agreement based on a sufficient consideration. (*Hale v. Hess*, 30 Neb., 42; *Cleveland & P. R. Co. v. Kelley*, 5 O. St., 180; *Crowley v. Genesee Mining Co.*, 55 Cal., 273.)

The contract provided for payment in bonds. In any event the measure of damages would be the market value of the bonds at date of demand, and in no case could the action be maintained without first making demand for delivery of the bonds. (*Wyatt v. Bailey*, 1 Mor. [Ia.], 396*; *Bradley v. Farrington*, 4 Ark., 533; *Martin v. Chauvin*, 7

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Mo., 277; *State v. Mooney*, 65 Mo., 494; *Widner v. Walsh*, 3 Col., 548.)

The agreement for special rates, made between Mallory, as president of the Construction Company, and Gould, as president of the railway company, under which the court below allowed to the Construction Company the sum of \$318,763.56 claimed as rebates on account of overcharges on interstate shipments, was made prior to May 4, the date of the written contract. The written contract covered the question of transportation. The contract of May 4, 1886, merged all antecedent agreements and stipulations, whether oral or written, and oral evidence was inadmissible to vary or modify its terms. (*Mills v. Miller*, 4 Neb., 443; *Hamilton v. Thrall*, 7 Neb., 219; *Delaney v. Linder*, 22 Neb., 280; *McNish v. Reynolds*, 95 Pa. St., 483; *Dodge v. Kiene*, 28 Neb., 221; *Cornell v. St. Louis, K. & A. R. Co.*, 25 Kan., 615; *Hopkins v. St. Louis & S. F. R. Co.*, 16 Am. & Eng. R. Cases [Kan.], 131; *Frost v. Blanchard*, 97 Mass., 155; *Pilmer v. Branch of State Bank, Des Moines*, 16 Ia., 321; *Emery v. Mohler*, 69 Ill., 221; *Davis v. Symonds*, 1 Cox's Ch. [Eng.], 402; *Savercool v. Farwell*, 17 Mich., 308; *Long v. New York C. R. Co.*, 50 N. Y., 76; *Baker v. Higgins*, 21 N. Y., 397; *Merchants Mutual Ins. Co. v. Lyman*, 15 Wall. [U. S.], 664; *Riley v. City of Brooklyn*, 46 N. Y., 444; *Purinton v. Northern I. R. Co.*, 46 Ill., 297; *Thurston v. Ludwig*, 6 O. St., 1-4; *Hills v. Rix*, 43 Minn., 543; *Gilbert v. Stockman*, 76 Wis., 62; *Harrison v. McCormick*, 89 Cal., 327; *State v. Hoshaw*, 98 Mo., 358.)

In the absence of a showing that Mr. Gould, as president of the Missouri Pacific, had authority to make a contract for a special rate, the law does not imply authority in him, from the position he held, to enter into such a contract. (*Blen v. Bear River & Auburn Water Mining Co.*, 20 Cal., 602; *Templin v. Chicago, B. & P. R. Co.*, 73 Ia., 548; *Taylor, Corporations*, sec. 236; *Adrianse v. Roome*, 52

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Barb. [N. Y.], 399; *Griffith v. Chicago, B. & P. R. Co.*, 74 Ia., 85; *Getty v. Barnes Milling Co.*, 40 Kan., 281; *Farmers Bank of Bucks County v. McKee*, 2 Pa. St., 318.)

After April 1, 1887, the bills of lading stated on their face the amount of freight that was charged, and parol evidence was incompetent to contradict or change the terms and conditions of the bill of lading or shipping receipt. (*Louisville & N. R. Co. v. Fulgham*, 8 So. Rep. [Ala.], 803; *Long v. New York C. R. Co.*, 50 N. Y., 76; *Merchants Mutual Ins. Co. v. Lyman*, 15 Wall. [U. S.], 664; *Hopkins v. St. Louis & S. F. R. Co.*, 16 Am. & Eng. R. Cases [Kan.], 131; *Clyde v. Graver*, 54 Pa. St., 251.)

Mallory and Fitzgerald had notice of payment of the freight charges. A resolution of the board of directors of the Construction Company recognized the indebtedness. There was no disapproval of the act of the treasurer in making the payment. The payment will now be presumed to have been ratified. (*Indianapolis Rolling Mill v. St. Louis, Ft. S. & W. R. Co.*, 120 U. S. 256; *Twin-Lick Oil Co. v. Murbury*, 91 U. S., 592; *Badger v. Badger*, 2 Wall. [U. S.], 87; *Harwood v. Air-Line R. Co.*, 17 Wall. [U. S.], 78; *Marsh v. Whitmore*, 21 Wall. [U. S.], 178; *Union Gold-Mining Co. v. Rocky Mountain Nat. Bank*, 96 U. S., 640.)

Whether the right to a special or reduced rate was based on custom or contract, the interstate commerce act, which took effect April 4, 1887, ended the custom and annulled the contract, and recovery on this item can only be had on the basis of a violation of a positive act of congress. (*Kentucky & Indiana Bridge Co. v. Louisville & N. R. Co.*, 2 Inter. Com. Rep. [Ky.], 162; *Knox v. Lee*, 12 Wall. [U. S.], 457; *Southern Wire Co. v. St. Louis B. & T. R. Co.*, 38 Mo. App., 191; *Atkinson v. Ritchie*, 10 East [Eng.], 530; *Kentucky & Indiana Bridge Co. v. Louisville & N. R. Co.*, 34 Am. & Eng. R. Cases [Ky.], 630; *Scofield v. Lake Shore & M. S. R. Co.*, 43 O. St., 571; *Dillon*

Fitzgerald v. Fitzgerald & Mallory Construction Co.

v. Allen, 46 Ia., 299; *Bishop v. Palmer*, 146 Mass., 474; *Riley v. Jordan*, 122 Mass., 233; *Hanauer v. Doane*, 12 Wall. [U. S.], 342; *Valentine v. Stewart*, 15 Cal., 388; *Widoe v. Webb*, 20 O. St., 431; *Ludlow v. Hardy*, 38 Mich., 690; *Everingham v. Meighan*, 55 Wis., 354; *Melchoir v. McCarty*, 31 Wis., 252; *Hutchins v. Weldin*, 114 Ind., 80; *Caldwell v. Bridal*, 48 Ia., 15; *United States Bank v. Owens*, 2 Pet. [U. S.], 527; *Suit v. Woodhall*, 113 Mass., 391; *Hobbie v. Zaepffel*, 17 Neb., 536; *Gould v. Kendall*, 15 Neb., 549.)

By the express provisions of the interstate commerce act all special rates and agreements for rebates were annulled. On and after April 4, 1887, in the absence of any notice, the presumption is that the Construction Company delivered the goods to be shipped in accordance with the provisions of that law. (*Kirkland v. Dinsmore*, 62 N. Y., 171; *United States Bank v. Dandridge*, 12 Wheat. [U. S.], 70; *Hartwell v. Root*, 19 Johns. [N. Y.], 346; *Fitzgerald v. Grand Trunk R. Co.*, 22 Atl. Rep. [Vt.], 76; *Messenger v. Pennsylvania R. Co.*, 36 N. J. Law, 407; *Audenried v. Philadelphia & R. R. Co.*, 68 Pa. St., 370; *McDuffee v. Portland & R. R. Co.*, 52 N. H., 430; *New England Express Co. v. Maine C. R. Co.*, 57 Me., 188.)

The payment by the Construction Company of the sum claimed by the railway company for freight charges was a voluntary payment, made under claim of right, and as such cannot be recovered back. (*Kenneth v. South Carolina R. Co.*, 15 Rich. [S. C.], 284; *Clafin v. McDonough*, 33 Mo., 412; *Bucknall v. Story*, 46 Cal., 599; *Brumagim v. Tillinghast*, 18 Cal., 265; *Beecher v. Buckingham*, 18 Conn., 110; *Stevens v. Head*, 9 Vt., 174; *Morris v. Tarin*, 1 Dallas [U. S.], 148; *Hall v. Shultz*, 4 Johns. [N. Y.], 240; *Lathrope v. McBride*, 31 Neb., 289; *City of Muscatine v. Keokuk Northern Line Packet Co.*, 45 Ia., 185; *Town of Sullivan v. McCammon*, 51 Ind., 264; *Dawson v. Mann*, 49 Ia., 596; *Regan v. Baldwin*, 126 Mass., 485; *Ferguson v.*

Hirsch, 54 Ind., 338; *Lamborn v. County Commissioners*, 97 U. S. 185; *Gerecke v. Campbell*, 24 Neb., 306.)

The Missouri Pacific is not liable for telegraph line, turntables, fences, and extra work done on the line of the Denver, Memphis & Atlantic by the Construction Company. The contract for the construction of the road was with the Denver Company, in which the Missouri Pacific, by its purchase of stock and bonds under its contract with the Construction Company, became merely a controlling stockholder. As stockholder of the Denver Company, the Missouri Pacific did not become liable primarily for its debts. (*Pullman Palace Car Co. v. Missouri P. R. Co.*, 115 U. S., 596; *Fitzgerald v. Missouri P. R. Co.*, 45 Fed. Rep., 818; *Atchison, T. & S. F. R. Co. v. Cochran*, 23 Pac. Rep. [Kan.], 155; *Atchison, T. & S. F. R. Co. v. Davis*, 34 Kan., 209; *Ohio & M. R. Co. v. Indianapolis & C. R. Co.*, 5 Am. Law Reg. n. s., [O.], 733; *State v. Atchison & N. R. Co.*, 24 Neb., 143; *Pennsylvania R. Co. v. St. Louis, A. & T. H. R. Co.*, 118 U. S., 290-309; 1 Cook, Stockholders, sec. 241; *Myers v. Irwin*, 2 Serg. & R. [Pa.], 371; *Ferry v. Little*, 101 U. S., 216; *Spense v. Iowa Valley Construction Co.*, 36 Ia., 407; *Liverpool Ins. Co. v. Massachusetts*, 10 Wall. [U. S.], 566; *New England Commercial Bank v. Stockholders of Newport Steam Factory*, 6 R. I., 188; *Walker v. Lewis*, 49 Tex., 123; *Green v. Beekman*, 59 Cal., 545; *Jones v. Jarman*, 34 Ark., 323; *Windham Provident Institution for Savings v. Sprague*, 43 Vt., 502; *Wood v. Wicks*, 7 Lea [Tenn.], 40; *Great Falls & C. R. Co. v. Copp*, 38 N. H., 124; *Chase v. Lord*, 77 N. Y., 1; *Harper v. Union Mfg. Co.*, 100 Ill., 225; *First Nat. Bank of Garrettsville v. Green*, 64 Ia., 445; *Wright v. McCormack*, 17 O. St., 86; *Stewart v. Lay*, 45 Ia., 604; *Means' Appeal*, 85 Pa. St., 75; *Baylies v. Swift*, 40 Ia., 648; *McClaren v. Franciscus*, 43 Mo., 452; *Terry v. Anderson*, 95 U. S., 636; *Baldwin v. Canfield*, 26 Minn., 43; *Button v. Hoffman*, 61 Wis., 20; *Murphy v. Hanrahan*, 50 Wis., 485;

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Bundy v. Ophir Iron Co., 38 O. St., 300; *Frank v. Drenkhahn*, 76 Mo., 508; *Alexander v. Cauldwell*, 83 N. Y., 480.)

The Missouri Pacific had no authority under its charter to build or acquire such a line, and is not liable for extras. Persons dealing with the managers of a corporation must take notice of the limitations imposed upon their authority by the act of association. (*Central Transportation Co. v. Pullman Palace Car Co.*, 139 U. S., 41; *Morawetz, Corporations*, sec. 591; *Ohio & M. R. Co. v. Indianapolis & C. R. Co.*, 5 Am. Law Reg., n. s., 733; *Chicago City R. Co. v. Allerton*, 18 Wall. [U. S.], 233; *Davis v. Old Colony R. Co.*, 131 Mass., 258; *Colman v. Eastern Counties R. Co.*, 10 Beav. [Eng.], 1; *Bagshaw v. Eastern Union R. Co.*, 7 Hare [Eng.], 114; *Commonwealth v. Erie C. N. E. R. Co.*, 27 Pa. St., 339; *Pacific R. Co. v. Seely*, 45 Mo., 212; *Pearce v. Madison & I. R. Co.*, 21 How. [U. S.], 442.)

The \$62,500 interest for loan of bonds paid Jay Gould, September, 1887, was paid by the treasurer on a voucher approved by the president of the Construction Company. It was a voluntary payment, and a transaction in which the railway company had no interest. The finding of the lower court that the loan of bonds should be treated as a payment by the railway company to the Construction Company is unsupported by the evidence. There were then no bonds due. The bonds of the Denver Company were required to be first certified by the trustee and delivered to the Missouri Pacific before the delivery of the Missouri Pacific bonds to the Construction Company. This was a condition precedent which had not been complied with. A condition precedent must be strictly performed to entitle a party to recover. (*Oakley v. Morton*, 11 N. Y., 25; *Livesey v. Omaha Hotel Co.*, 5 Neb., 50; *Estabrook v. Omaha Hotel Co.*, 5 Neb., 76; *Boehme v. Omaha Hotel Co.*, 5 Neb., 80; *Snell v. Cheney*, 88 Ill., 258-260; *Toombs v. Consolidated Poe Mining Co.*, 15 Nev., 444; *Webb v. Smith*, 6 Col., 366;

Bishop, Contracts, sec. 1422; *Dermott v. Jones*, 2 Wall. [U. S.], 1; *Larimore v. Tyler*, 88 Mo., 667; *Moore v. Campbell*, 111 Ind., 328; *Barney v. Giles*, 120 Ill., 155; *People v. Glann*, 70 Ill., 232; *Denver, S. P. & P. R. Co. v. Riley*, 7 Col., 495; *Robinson v. Harbour*, 42 Miss., 795; *Nashville & N. W. R. Co v. Jones*, 2 Cold. [Tenn.], 574; *Cullum v. Wagstaff*, 48 Pa. St., 300.)

The item of \$500,000 claimed as discount on bonds sold was properly disallowed. If there was any fraud on the part of the members of the board, they, and not the railway company, should account to the Construction Company. (*Ambler v. Choteau*, 107 U. S., 586; *United States v. Union P. R. Co.*, 98 U. S., 569.)

The court below found that plaintiff acquiesced in the sale of bonds of July 28 and September 22, 1887, and the declaration of said dividend to stockholders. By such acquiescence plaintiff is estopped to claim any relief on this item. (*Kitchen v. St. Louis, K. C. & N. R. Co.*, 69 Mo., 224; *Clark v. Saline County*, 9 Neb., 516; *Brown v. City of Atchison*, 39 Kan., 37; *Sheldon v. Eickmeyer*, 90 N. Y., 616; *Taylor v. South & N. A. R. Co.*, 4 Woods [U. S. C. C.], 575; *Twin-Lick Oil Co. v. Marbury*, 91 U. S., 592; *Allen v. Wilson*, 28 Fed. Rep., 677; *Craig v. Bradley*, 26 Mich., 354; *Dunks v. Fuller*, 32 Mich., 245; *Wood v. Carpenter*, 101 U. S., 141.)

The Construction Company was a party to the transaction and cannot complain while retaining the benefits. (*Mississippi & M. R. Co. v. Howard*, 7 Wall. [U. S.], 413; *Taylor v. South & N. A. R. Co.* 4 Woods [U. S.], 575; *Twin-Lick Oil Co. v. Marbury*, 91 U. S., 592; *Union Gold Mining Co. v. Rocky Mountain Nat. Bank*, 96 U. S., 644; *Indianapolis Rolling Mill Co. v. St. Louis, F. S. & W. R. Co.*, 120 U. S., 256; *Pneumatic Gas Co. v. Berry*, 113 U. S., 322; *Parks v. Evansville, I. & C. R. Co.* 23 Ind., 567; *Weed v. Little Falls & D. R. Co.*, 31 Minn., 154; *Bell v. Keepers*, 39 Kan., 105; *Banks v. Judah*, 8

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Conn., 145; *Boston & P. R. Co. v. New York & N. E. R. Co.*, 13 R. I., 260; *Aurora Agricultural & Horticultural Society of Aurora v. Paddock*, 80 Ill., 263; *Goodin v. Evans*, 18 O. St., 150; *Terry v. Eagle Lock Co.*, 47 Conn., 141; *Craig v. Bradley*, 26 Mich., 354; *Tyrell v. Cairo & St. L. R. Co.*, 7 Mo. App., 294; *Chouteau v. Allen*, 70 Mo., 290; *Perkins v. Portland, S. & P. R. Co.* 47 Me., 591; *Wood v. Carpenter*, 101 U. S., 141.)

The Missouri Pacific Railroad Company is not bound by the acts of its own officers while they are acting as officers and members of the Construction Company. There was no competent evidence of the existence of any conspiracy. All the statements of Sage, Dillon, Hopkins, and Cross, while acting as directors of the Construction Company, were incompetent and should have been excluded. Declarations of an officer, to be binding on the corporation, must be shown to have been made while in performance of his duties as such officer. (*Moore v. Towers Hardware Co.*, 87 Ala., 206; *Union Mutual Life Ins. Co. v. Mowry*, 96 U. S., 547; *Whits v. Ashton*, 51 N. Y., 280; *Bigelow, Estoppel*, 437, 441; *White v. Walker*, 31 Ill., 422; *Faxton v. Fuxon*, 28 Mich., 159; *Merchants Bank v. Rudolph*, 5 Neb., 536; *Kalamazoo Novelty Mfg. Co. v. McAlister*, 36 Mich., 327; *East River Bank v. Hoyt*, 41 Barb. [N. Y.], 441; *Chicago & N. W. R. Co. v. James*, 22 Wis., 191; *Tripp v. Metallic Packing Co.*, 137 Mass., 502; *Alexander v. Cauldwell*, 83 N. Y., 485; *Angell & Ames, Corporations*, 288-391; *Ricketts v. Birmingham Street R. Co.*, 5 So. Rep. [Ala.], 353; *Dunner Land & Loan Co. v. Stonewall Ins. Co.*, 77 Ala., 184; *Peek v. Detroit Novelty Works*, 29 Mich., 313; *Grayville & M. R. Co. v. Burns*, 92 Ill., 302; *Florida M. & G. R. Co. v. Varnedoe*, 7 S. E. Rep. [Ga.], 129; *Farmers Bank v. McKee*, 2 Pa. St., 318; *Huckney v. Allegheny Mutual Ins. Co.*, 4 Barr [Pa.], 185; *Custar v. Titusville Gas & Water Co.*, 63 Pa. St., 386; *First Nat. Bank of Allentown v. Hock*, 89 Pa. St., 324; *Ladd v. Cousins*,

35 Mo., 516; *McDermott v. Hanibal & St. J. R. Co.*, 73 Mo., 516; *National Bank v. Norton*, 1 Hill [N. Y.], 579; *Adrianee v. Roome*, 52 Barb. [N. Y.], 399; *Hoyt v. Thompson*, 5 N. Y., 334; *Crump v. United States Mining Co.*, 7 Gratt. [Va.], 353; *Polleys v. Ocean Ins. Co.*, 14 Me., 141; *Ruby v. Abyssinian Society*, 15 Me., 306; *Winchester v. Baltimore & S. R. R. Co.*, 4 Md., 232; *Leggett v. New Jersey Mfg. & Bank Co.*, 1 N. J. Eq., 553; *Barnes v. Trenton Gas Light Co.*, 27 N. J. Eq., 33; *Titus v. Cairo & F. R. Co.*, 37 N. J. Law, 102; *First Nat. Bank of Davenport v. Gifford*, 47 Ia., 575; *Langan v. Iowa & Minnesota Construction Co.*, 49 Ia., 317; *Allemony v. Simmons*, 23 N. E. Rep. [Ind.], 768; *Manhattan Brass Co. v. Webster Glass & Queensware Co.*, 37 Mo. App., 145; *Blen v. Bear River Mining Co.*, 20 Cal., 602; *Soper v. Buffalo & R. R. Co.*, 19 Barb. [N. Y.], 310; *Columbus Co. v. Hurford*, 1 Neb., 161; *Clarke v. Omaha & S. W. R. Co.*, 5 Neb., 320; *Gregory v. Lamb*, 16 Neb., 205; *Ward v. Davidson*, 89 Mo., 445; *Spyker v. Spence*, 8 Ala., 339; *Henry v. Northern Bank of Alabama*, 63 Ala., 527; *Baldwin v. Canfield*, 26 Minn., 54; *Davis Improved Wrought Iron Wagon Wheel Co. v. Davis Wrought Iron Wagon Co.*, 20 Fed. Rep., 699; 1 *Morawetz, Corporations*, sec. 517; *Wardell v. Union P. R. Co.*, 4 Dill. [U. S.], 330; *Blair Town Lot & Land Co. v. Walker*, 50 Ia., 376.)

The Missouri Pacific received no consideration for the seventeen miles of road constructed over the government land. The Denver Company acquired no title to its right of way for this portion of its road, and its stock and bonds issued thereon were invalid and worthless because of its failure to comply with the act of congress of March 3, 1875, granting railroads right of way through public lands. (*Savannah, F. & W. R. Co. v. Davis*, 7 So. Rep. [Fla.], 29; *Van Wyck v. Knevals*, 106 U. S., 360; *Kansas P. R. Co. v. Dunmeyer*, 113 U. S., 629, 634; *Grinnell v. Chicago, R. I. & P. R. Co.*, 103 U. S., 739; *Easley v. Kellom*, 14 Wall.

Fitzgerald v. Fitzgerald & Mallory Construction Co.

[U. S.], 279; *United States v. Fitzgerald*, 15 Pet. [U. S.], 407.)

John L. Webster, also for appellees:

Before a stockholder in a corporation can be permitted to maintain a suit in equity in his own name for the benefit of other stockholders it must be made to appear that the plaintiff has made an earnest effort to obtain redress at the hands of the directors and shareholders of the corporation, and that such effort has been without avail. (*Hawes v. Oakland*, 104 U. S., 450; *Quincy v. Steel*, 120 U. S., 241; *Dimpfell v. Ohio & M. R. Co.*, 110 U. S., 211; *Allan v. Wilson*, 28 Fed. Rep., 677; *Dunphy v. Travelers Newspaper Association*, 146 Mass., 495; *Brewer v. Boston Theatre Co.*, 104 Mass., 378; *Boyd v. Sims*, 87 Tenn., 771.)

The petition is multifarious, in that it contains several causes of action which cannot properly be prosecuted together, and some of which cannot properly lie against the Missouri Pacific Railway Company. (*Pullman Palace Car Co. v. Missouri P. R. Co.*, 115 U. S., 596; *Atchison, T. & S. F. R. Co. v. Cochran*, 43 Kan., 225; *Button v. Hoffman*, 61 Wis., 20.)

The plaintiffs have no standing in a court of equity to seek any relief under the contract with the Fitzgerald & Mallory Construction Company, for the reason that said contract is tainted with such vice as forbids a court of equity lending its aid to the enforcement of any of its provisions, between the contracting parties, in this: that the same persons held a controlling interest in the stock of the two companies, and controlled the boards of directors of the two respective companies. (*Wardell v. Union P. R. Co.*, 103 U. S., 651; *Thomas v. Brownville, Ft. K. & P. R. Co.*, 109 U. S., 522; *Gilman, C. & S. R. Co. v. Kelly*, 77 Ill., 426; *People v. Township Board of Overysel*, 11 Mich., 222; *Pickett v. School District*, 25 Wis., 551; *Cook v. Sherman*, 20 Fed. Rep., 167; *Ryan v. Leavenworth, A. & N.*

Fitzgerald v. Fitzgerald & Mallory Construction Co.

R. Co., 21 Kan., 365; *Pearson v. Concord R. Co.*, 13 Am. & Eng. R. Cases [N. H.], 102; *Michoud v. Girod*, 4 How. [U. S.], 503.)

The agreement by which the Fitzgerald & Mallory Construction Company agreed to accept payment for one hundred and fifty miles of the Denver, Memphis & Atlantic railway at the rate of \$10,000 per mile was a compromised settlement acquiesced in by all the parties and cannot be disturbed. Courts of equity are slow to set aside compromise settlements, and will never do so unless the parties can be put *in statu quo*. (*Estes v. Reynolds*, 75 Mo., 567; *McMichael v. Kilmer*, 76 N. Y., 46; *Hammond v. Pennock*, 61 N. Y., 145; *Houghton v. Nash*, 64 Me., 477; *Van Trott v. Wiese*, 36 Wis., 439; *Jarrett v. Morton*, 44 Mo., 275.)

The doctrine of acquiescence forbids the plaintiff to recover from the Missouri Pacific Company the amount of the ten per cent discount at which the bonds were sold. (*Twin-Lick Oil Co. v. Marbury*, 91 U. S., 592; *Badger v. Badger*, 2 Wall. [U. S.], 87; *Harwood v. Air-Line R. Co.*, 17 Wall. [U. S.], 78; *Mursh v. Whitmore*, 21 Wall. [U. S.], 178; *Vigers v. Pike*, 8 C. & F. [Eng.], 650; *Wentworth v. Lloyd*, 32 Beav. [Eng.], 467; *Follansbe v. Kilbreth*, 17 Ill., 522; *Beach, Corporations*, sec. 887; *Sheldon Hat Blocking Co. v. Eickemeyer Hat Blocking Machine Co.*, 90 N. Y., 616; *Pneumatic Gas Co. v. Berry*, 113 U. S., 327; *Allen v. Wilson*, 28 Fed. Rep., 677; *Union Gold Mining Co. v. Rocky Mountain Nat. Bank*, 96 U. S., 644; *Kitchen v. St. Louis, K. C. & N. R. Co.*, 69 Mo., 226; *Terry v. Eagle Lock Co.*, 47 Conn., 141.)

The claim of plaintiff to recover \$318,000 freight charges cannot be maintained. The previous parol understanding of the parties cannot be considered or allowed to prevail against the provisions in the written contract. (*Mills v. Miller*, 4 Neb., 441; *Hamilton v. Thrall*, 7 Neb., 219; *Delaney v. Linder*, 22 Neb., 274; *McNish v. Reynolds*, 95 Pa. St., 483; *Dodge v. Kiene*, 28 Neb., 221; *Cob-*

nell v. St. Louis, K. & A. R. Co., 25 Kan., 615; *Hopkins v. St. Louis & S. F. R. Co.*, 16 Am. & Eng. R. Cases [Kan.], 126; *Emery v. Mohler*, 69 Ill., 221; *Davis v. Symonds*, 1 Cox's Ch. [Eng.], 402; *Savercool v. Farwell*, 17 Mich., 308; *Long v. New York C. R. Co.*, 50 N. Y., 76.)

The plaintiffs, in so far as they seek to recover for items that went into the construction of the Denver, Memphis & Atlantic Railway Company, cannot recover in this action for the reason that the Denver, Memphis & Atlantic Company is not made a party defendant. (*Pullman Palace Car Co. v. Missouri P. R. Co.*, 115 U. S., 596; *Atchison, T. & S. F. R. Co. v. Davis*, 34 Kan., 209.)

RYAN, C.

1. In the district court of Lancaster county, Nebraska, John Fitzgerald, on behalf of himself and all other stockholders of the Fitzgerald & Mallory Construction Company, filed his petition against said Construction Company and the Missouri Pacific Railway Company as defendants. This petition stated that the capital stock of the aforesaid Construction Company amounted to \$1,500,000, divided into shares of \$100 each; that of these, at the time of bringing suit, John Fitzgerald was the owner of 1,500 shares, Jay Gould of 4,000 shares, Sidney Dillon of 1,000 shares, Morton, Bliss & Co. of 2,000 shares, Russell Sage of 2,700 shares, George J. Gould of 500 shares, and S. H. Mallory of 1,500 shares. The matters complained of in the petition, for the most part, arose out of a written contract made between the said Construction Company and the Denver, Memphis & Atlantic Railroad Company, whereby was undertaken by the Construction Company the building of the line of road of the railroad company. Following this contract there was entered into another between the aforesaid Construction Company and the Missouri Pacific Railway Company, whereby the last named company be-

came entitled to the stock and bonds of the Denver, Memphis & Atlantic Railroad Company to be issued to the Construction Company in consideration of its construction of the railroad aforesaid. The other matters which gave rise to this controversy had their origin in the construction by said Construction Company of the line of railroad of the Pueblo & State Line railroad, and the subsequent ownership of the stock and bonds of said Pueblo & State Line Railroad Company issued to the Construction Company, and by said Construction Company turned over to the Missouri Pacific Railway Company. For the stock and bonds of both railroads to be constructed as aforesaid the Missouri Pacific Railway Company agreed to give to the Construction Company first mortgage bonds of the said Missouri Pacific Railway Company equal to \$11,000 per mile of the railroads completely constructed by the said Construction Company as aforesaid. The petition averred that payment in bonds was in fact only made at the rate of \$10,000 per mile, though the roads had been fully constructed; that the Missouri Pacific bonds received at that rate were purchased by certain named officers of the Missouri Pacific Railway Company at a discount of ten per cent, though said bonds were worth par; that though the agreed rate at which the Missouri Pacific Railway Company was to transport material necessary for the construction of the work aforesaid was at the rate of three-fourths of a cent per ton per mile, in fact for a large amount of said material there was charged and collected from the Construction Company payment at the rate of three cents per ton per mile, which excess, the said petition alleged, was still due the said Construction Company; that said Missouri Pacific Railway Company's officers, by collecting interest which was not in fact due, and upon other unfounded pretenses, had exacted and withheld from the Construction Company large sums of money, for which said Missouri Pacific Railway Company ought to be held to account. There were other mat-

ters complained of in the petition, but for our present purpose the above described causes of action are amply sufficient.

That it might appear that the suit was brought by Mr. Fitzgerald as a stockholder of the Construction Company, he made the following averments in reference to certain of the matters above described :

“Complainant says that shortly after said contracts were made, those owning a controlling share of the stock of the Missouri Pacific Railway Company procured a controlling share of the stock of the Construction Company, notably Jay Gould, Russell Sage, George J. Gould, and Sidney Dillon; that at the date of said contracts the directors of the Construction Company were as follows: John Fitzgerald, S. H. Mallory, S. S. King, T. M. Stewart, and Edward A. Temple, who were the directors at the time the said contracts were made and entered into; that after they had obtained control of this stock they demanded the resignation of all the directors except Fitzgerald and S. H. Mallory, and on November 3, 1886, the said board of directors was changed, and in place of Messrs. King, Stewart, and Temple were elected George J. Gould, Russell Sage, and Richard Cross; that two of said directors, complainant afterward found out, were directors in the Missouri Pacific Railway Company, and that said Richard Cross was a member of a firm which were bankers for the Missouri Pacific Railway Company, and that the directors were absolutely under the control of the Missouri Pacific management; that this board of directors has not been changed, except that George J. Gould has gone out and Sidney Dillon, another Missouri Pacific director, and one of its largest stockholders, has been elected in his stead, and that now the said three directors have assumed and had the management in all important matters of said Construction Company, and have managed its affairs in the interest of the Missouri Pacific Railway Company, and have

been, as will hereinafter more clearly appear, under the control of Jay Gould, the president of the Missouri Pacific Railway Company, the largest owner of its stock, and who controls it. * * * That the payment of only \$10,000 per mile in five per cent bonds for the first one hundred and fifty miles was brought about by the fraudulent acts of the Missouri Pacific, as follows: That by the contract with the Denver, Memphis & Atlantic Railroad Company the Construction Company was to build a railroad from the east line of Kansas to the west line thereof and equip the same as to be thereafter located, and properly grade the line according to the engineer's survey of the same."

Plaintiff alleged that the first one hundred and fifty miles of the line of the Denver, Memphis & Atlantic Railroad was constructed according to contract and fully completed, but that by reason of the refusal of the Missouri Pacific Railway Company to allow its engineer to accept the said one hundred and fifty miles with a view to its acceptance in accordance with the terms of the contract, the Construction Company was unable to secure its acceptance by the Missouri Pacific Railway Company, and that to secure payment for the said one hundred and fifty miles the Construction Company was compelled to accede to the proposition of Jay Gould, the president of the Missouri Pacific, and to accept \$10,000 per mile, which, as plaintiff alleged, had already been fully earned. The petition alleged that the pretense upon which the president of the Missouri Pacific Railway Company founded the claim of that company to a reduction of payment per mile was, that the road was not completed, and, as plaintiff alleged, this was untrue in fact, and that the road was then fully completed according to the terms of the contract, as would have been found had the civil engineer of the Missouri Pacific inspected the road as was contemplated by the contract between the Construction Company and the Missouri Pacific Railway Company, and

plainant submits that the act of July 28, 1887, when the meeting was called and action taken without notice to either Mr. Mallory or your complainant, was null and void, and was not binding upon complainant.

"Complainant further says that without their knowledge the Missouri Pacific management, in taking stock in the Construction Company, that is, the persons who governed both companies, to-wit, Jay Gould, George J. Gould, Russell Sage, and Sidney Dillon, who owned a majority of the stock of the Missouri Pacific, and likewise a majority of the stock of the Construction Company, so arranged that they owned such stock proportionately to the amount of the stock in each company, so that any act which would injure or damage the Construction Company, and which would benefit the Missouri Pacific Company, would not in any way affect them, and that their acts were done for the purpose of bankrupting and injuring the Construction Company to its great injury. * * *

"Complainant further says that the Construction Company was the owner of three town sites and a great body of real estate along the entire line of the Denver, Memphis & Atlantic railroad and the Pueblo & State Line railroad, which it is of great interest to the Missouri Pacific to get control of, and that the acts of oppression and wrong and of fraud, and of violation of the contract, have been for the sole purpose of getting control of the same and of freezing out all stockholders except the management of the Missouri Pacific; and as a part of the scheme by which this was to be done, about the time the work was finished and the contracts completed, that it had to do for the Missouri Pacific Railway Company, the Missouri Pacific Railway directors who had control of the Construction Company had in fact peremptorily refused to raise money to pay off the contractors, laborers, and persons who had done the work, but allowed the debts of some \$70,000 or \$80,000 for that purpose to accumulate, know-

ing at the time that Mr. Mallory and Mr. Fitzgerald had personally obligated themselves to pay said debts, and as soon as they found out that they were personally obligated to pay the same they refused to take any steps toward paying the debts which had been contracted, and they were forced to pay the same, and that your complainant was forced to sue the Construction Company individually, and that the Missouri Pacific tried every means to defeat these just claims and put your petitioner to large expense, but that he now holds a judgment against the said Construction Company in round numbers of \$52,000, with interest, amounting to \$55,000; that there are other debts and other judgments against the Construction Company which the said directory in New York refuses to make any provision for, and has refused to allow any settlement to be made, and that on the last of May, 1888, they refused to allow any salaries to any officers to settle up the business of the Construction Company out of the salaries of the officers. This was done for the purpose that the heavy burden placed upon your complainant should be borne by him, with the hope of crushing and bankrupting the concern and making him pay the same and freezing him out of the Construction Company; that there are other debts, amounting in all to probably \$100,000, which are unpaid and which the directory of the Construction Company, under the control of the Missouri Pacific, have refused to take any steps to pay, but that the directory, in order to bankrupt the Construction Company, have commenced spurious cases in Kansas, alleging that the company was about bankrupt, and assuming the right, and with an attorney employed by Sidney Dillon and Russell Sage, to go into court and make an accounting with the Missouri Pacific; that since the commencement of this suit the said stockholders of the Construction Company, namely, Jay Gould, George J. Gould, Sidney Dillon, and Russell Sage, who hold a majority of the stock, have sent their proxies to the attorney of the

Missouri Pacific Railway Company with instructions for him to elect another director of the Missouri Pacific, A. L. Hopkins, who is and has been an employe of the Missouri Pacific, and who has always acted with them, and is a director and large stockholder of the Missouri Pacific Company. The stockholders, by this action, and by the election of the directors of the Missouri Pacific Railway Company, making a majority of the board and controlling all the directors of it but one, have incapacitated themselves to act in any matters where the Missouri Pacific is concerned, and makes it an absolute necessity that a receiver be appointed for the purpose of paying the debts and winding up the affairs of the corporation."

The petition closed with a prayer for such a judgment in favor of the Construction Company against the Missouri Pacific Railway Company as upon an accounting it should be found entitled to, and for other equitable relief. This lengthy and perhaps tedious quotation from the petition of the plaintiff has been rendered necessary, in order that it might appear what averments have been made, with a view to accounting for the failure of the directory of the Construction Company to seek the relief demanded for said Construction Company against the Missouri Pacific Railway Company in this action; and furthermore, to show in what manner the plaintiff excuses the commencement of this suit by himself as a stockholder, for the enforcement of the aforesaid rights of the Construction Company, since neither the findings of the court nor the evidence adduced showed a demand to have been made prior to suit brought as alleged in the petition for the commencement of an action for the relief herein prayed.

2. In argument it was insisted, with great tenacity, that it was necessary in every case to show that a demand had actually been made by the stockholder upon the directors that they move for the protection of the corporation, and that their refusal be shown before an action might be com-

menced on the relation of a stockholder to enforce the rights of such corporation. Ordinarily, perhaps, this contention is correct. In the case at bar, however, it was sufficiently shown and found that the directors of the Construction Company were so immediately under the control of the management of the Missouri Pacific Railway Company, against whom suit must be brought, and had in connection with that management shown such a disposition to betray the interest of the company in favor of which they owed their best endeavors, that an application to them as directors to act was altogether unnecessary.

In section 886 of Beach on Private Corporations the following language occurs: "Where a request that the corporation itself bring the desired suit is apparently useless, it is excused, and need not be made. Accordingly, where the directors of a corporation having the authority to direct its litigation are themselves guilty of the wrong complained of, a court of equity will interfere at the instance of the stockholders without a demand and refusal upon the part of the directors to bring the suit, for it would be against the plainest principles of justice to permit the perpetrators of the wrong to conduct a litigation against themselves."

In *Barr v. New York, L. E. & W. R. Co.*, 96 N. Y., 444, Miller, J., delivering the opinion of the court, said: "We are referred by the learned counsel for the appellants to the case of *Hawes v. Oakland* (14 Otto [U. S.], 450) as authority for the doctrine that no action can be maintained by a stockholder of a corporation under the allegations contained in the complaint in the action at bar. We do not think the case cited sustains the position contended for. It is there laid down that where the board of directors of a corporation is acting in a manner destructive of the rights of the other shareholders, or where the majority of the shareholders themselves are oppressively and illegally pursuing a course in the name of the corporation which is in violation of the rights of the other shareholders, and which can

only be restrained by the aid of a court of equity, an action to obtain relief may be maintained by a stockholder."

In Cook on Stock and Stockholders and Corporation Law, section 741, we find this statement of the rule: "There are occasions when the allegation that the stockholder has requested the directors to bring suit, and they have refused, may be omitted, since the request itself is not required. This occurs when the corporate management is under the control of the guilty parties. No request need then be made or alleged, since the guilty parties would not comply with the request, and even if they did the court would not allow them to conduct the suit against themselves." This is believed to be a correct statement of the rule. At least, in no case cited has it transpired that under allegations like those in the petition under consideration, relief has been denied. The action was, therefore, properly commenced and prosecuted by John Fitzgerald as a stockholder of the Construction Company, for the enforcement of its rights against its co-defendant, the Missouri Pacific Railway Company. The prayer of the petition was for judgment in favor of said Construction Company against its co-defendant, the Missouri Pacific Railway Company. The findings of the court and its judgment were in accordance with that prayer.

In the further consideration of this case it must be borne in mind that while John Fitzgerald, as a stockholder, has a standing to allege the grounds of indebtedness as between the Construction Company and its co-defendant, and to pray for proper relief, such relief is in no way prayed on his own behalf individually, but on behalf of the Construction Company as a corporation; as much so as if the action had been begun by authority of its directors and in its own name.

3. Incidentally it was stated in the petition that a receiver had been appointed for the Construction Company in a court of general jurisdiction in Kansas; and it also

appears from the record that another receiver was appointed for the same company in a court of general jurisdiction in Iowa. The appellees insist that, it having appeared that a receiver had been appointed, such receiver is an indispensable party in this case.

In Beach on Receivers, section 680, the following language occurs: "The general rule as to the right of a receiver to bring suits in the courts of other states than that in which he is appointed is well settled. It has been stated by Mr. Justice Wayne in a leading case to be, 'that he has no extra-territorial power of official action; none which the court appointing him can confer with authority to enable him to go into a foreign jurisdiction to take possession of the debtor's property; none which can give him, upon the principle of comity, a privilege to sue in a foreign court or another jurisdiction, as the judgment creditor himself might have done where his debtor may be amenable to the tribunal which the creditor may seek;' [citing *Booth v. Clark*, 17 How. [U. S.], 322-338]. The rule thus laid down by the supreme court of the United States has been followed by other courts with essential unanimity, and can hardly be said to be seriously questioned. [In support of this proposition there are cited many authorities.] Applying this rule, it was held that a receiver of the effects of a debtor, appointed by a court in New York, had no right to file a bill in the District of Columbia for the purpose of obtaining possession of funds due to the debtor, the appellate court affirming the action of the court below in dismissing the bill."

This rule is thus discussed in section 47 of High on Receivers: "Questions of much nicety have sometimes arisen in this country as to the extent to which the courts of one state will recognize the functions and powers of a receiver appointed in another state, and as to the right of such receivers to act beyond the territorial jurisdiction of the court appointing them. The better doctrine upon this

subject undoubtedly is, that the legal authority of a receiver is co-extensive only with the jurisdiction of the court appointing him, and that as a matter of strict right, the courts of one state are not bound to recognize a receiver appointed in a foreign state. The rule is founded upon the recognized principle that the laws of one state have no force *proprio vigore* beyond the territorial limits of such state, although, upon considerations of courtesy or comity, they may be permitted to operate in another state for the promotion of justice, when neither the latter state nor its citizens will suffer any inconvenience from the application of the foreign law."

This rule, which is laid down with so much confidence by the two text-writers from which quotations have been made, is doubtless correct.

4. The relations, rights, and duties between the Denver, Memphis & Atlantic Railroad Company and the defendants in this action are created and defined by written contracts which are in the words and figures following:

"This agreement, made this 28th day of April, 1886, by and between the Fitzgerald & Mallory Construction Company, of the state of Iowa, party of the first part, and the Denver, Memphis & Atlantic Railway Company, a corporation duly organized under the laws of the state of Kansas, party of the second part, witnesseth: Now, therefore, it is agreed between the parties hereto as follows: The party of the first part agrees to furnish all materials and money and to construct as rapidly as may be determined, from time to time, between the parties hereto a line of railroad from the east line of Kansas to the west line thereof, and equip the same as the same may be hereafter located; to properly grade the line according to the engineer's survey of the same; to furnish oak ties on curves not less than thirty-six hundred to the mile, and steel of not less than fifty-six pounds to the yard; to build such depots and stations as may be determined upon by the party of the

second part; to build all necessary sidings and turn-outs, and generally to construct the same equal to the railroads now being built in southern Kansas; and upon the completion thereof, to equip the same with, at least, one thousand dollars (\$1,000) of rolling stock per mile. In consideration thereof, and in payment therefor, the party of the second part agrees to pay to the party of the first part sixteen thousand dollars (\$16,000) per mile of its full paid capital stock for every mile of completed road to be constructed, and sixteen thousand dollars (\$16,000) per mile in its first mortgage bonds per mile of single track of road, and said bonds to be of the denomination of one thousand dollars (\$1,000) each, or of such denomination as may be agreed upon by the parties hereto, and bearing interest at the rate of — per cent per annum, payable in the city of New York and state of New York, where the principal is also payable. Said bonds to be issued for the construction of said road under this contract shall be dated January 1, 1886, and run thirty years from date, and to be secured by first deed of even date herewith, duly executed by the party of the second part to the — Company, therein named, of the aforesaid line and branches thereof. The said Denver, Memphis & Atlantic Railway Company hereby agrees to issue and deliver to said party of the first part the said stock and bonds at the rate hereinbefore set forth, at such times and in such settlements as the said Fitzgerald & Mallory Construction Company require in order to obtain the money necessary to perform this contract; and also to deliver to said first party all municipal and county bonds voted and to be voted in aid of said railroad, and all donations thereto, as soon as earned and delivered to said second party; and said Fitzgerald & Mallory Construction Company covenants and agrees to proceed forthwith in the execution of this agreement and to construct said line as rapidly as possible according to the surveys now made or to be hereafter determined upon; and the said party of the second part

Fitzgerald v. Fitzgerald & Mallory Construction Co.

agrees to procure, or cause to be procured, the right of way of said line of railroads at the proper time in advance of the work so as not to impede or delay construction, which right of way shall be paid for by said Construction Company.

"In witness whereof, the said Fitzgerald & Mallory Construction Company, by their president, has hereto set their hand and seal, and said party of the second part has caused its corporate name to be signed by its president and its corporate seal to be attached by its secretary the day and year first above named.

"FITZGERALD & MALLORY CONSTRUCTION COMPANY,

"By its President, S. H. MALLORY.

"THE DENVER, MEMPHIS & ATLANTIC RAILWAY,

"By J. J. BURNS, *Its President*.

"Attest:

"CHAS. C. BLACK, *Secretary*.

"Memorandum of an agreement, made on this 4th day of May, 1886, between the Missouri Pacific Railway Company, party of the first part, and the Fitzgerald and Mallory Construction Company, party of the second part, witnesseth: Whereas, the party of the second part has made a contract with the Denver, Memphis & Atlantic Railway Company to construct its road from Chetopa across the state of Kansas, on a line heretofore agreed upon (a copy of which is hereto attached and made a part of this agreement); and, whereas, the Missouri Pacific Railway Company is desirous of obtaining control of the said line of road, it is agreed as follows:

"First—The party of the second part will sell to the party of the first part all of the securities which the said party of the second part is to receive under the terms of the contract dated April 28, 1886, between the said Fitzgerald & Mallory Construction Company and the Denver, Memphis & Atlantic Railway Company, for the construction of its road, and said securities amounting to sixteen

thousand dollars (\$16,000) per mile of stock, and sixteen thousand dollars (\$16,000) per mile of first mortgage bonds, less the amount of stock that has to be given for municipal and county aid (estimated at about thirty-five hundred dollars (\$3500) per mile), and receive in full payment for the same twelve thousand dollars (\$12,000) per mile of Missouri Pacific Railway five per cent bonds, to be secured by a deposit of the securities above referred to with a trustee.

"Second—The party of the second part further agrees that the said railroad to be constructed, and heretofore described, shall be of standard gauge, of not less than fifty-six pounds (56) steel rails, twenty-six hundred (2,600) ties to the mile, with stations not more than eight (8) miles apart, * * * and shall be equal in its general character to the roads now being constructed by the Missouri Pacific Railway Company in the state of Kansas, all to be subject to the approval of the chief engineer of the party of the first part.

"In witness whereof, the Missouri Pacific Railway Company and the said Fitzgerald & Mallory Construction Company, parties hereto, have executed this agreement the day and year first above written.

"THE MISSOURI PACIFIC RAILWAY COMPANY,
"[SEAL.] By JAY GOULD, *President*.

"Attest:

"GUY PHILLIPS, *Second Ass't Secretary*.

"THE FITZGERALD & MALLORY CONSTRUCTION
COMPANY,

"By S. H. MALLORY, *President*."

"ADDENDA TO CONTRACT.

"It is further agreed that the party of the first part shall make payments for the sixteen thousand (16,000) dollars per mile of first mortgage bonds and sixteen thousand (16,000) dollars per mile of stock, referred to in the first clause of this contract, as follows: On the completion

Fitzgerald v. Fitzgerald & Mallory Construction Co.

of each ten miles of road according to the contract from not more than two points connecting with the road of the party of the first part, and on receipt of the sixteen thousand (16,000) dollars per mile of first mortgage bonds and sixteen thousand (16,000) dollars per mile of stock appertaining thereto (less the amount paid out for aid), the party of the first part will deliver to the party of the second part twelve thousand (12,000) dollars per mile of its five per cent bonds according to the above agreement.

"The party of the first part also agrees that all men and materials used by the party of the second part in the construction of the said railroad shall be transported at actual cost over such portions of the road as may be turned over to the party of the first part during the construction of the same.

"THE MISSOURI PACIFIC RAILWAY Co.,

"By JAY GOULD, *Pres't.*

"FITZGERALD & MALLORY CONSTRUCTION Co.,

"By S. H. MALLORY, *Pres't.*"

The Denver, Memphis & Atlantic Railway Company was originally incorporated for the purpose of constructing a railroad from Denver to Memphis, through the state of Kansas. Its authorized capital stock was \$10,000,000, but by its articles of incorporation the value of its property was estimated at only \$10,000. This railroad company was distinguished not so much for its possessions as for its capacity, as readily appears from the figures just given, as well as from the additional consideration that in the future it could exercise the right of eminent domain, and in exchange for its stock receive municipal aid along its proposed line through the state of Kansas. It is possibly true that the laws of the state last named should not have permitted this exchange, and yet it is not within the province of this court to pass upon the wisdom of the statutes of another state. The municipalities whose bonds were voted to aid this enterprise were fully apprised by

the articles of incorporation of the proposed donee that its authorized capital was \$10,000,000, while it was patent that its property was of the value of but \$10,000. Under these circumstances, if the Kansas municipalities coveted an interest in this authorized capital stock, and the laws of that state sanctioned the acquisition of a part of such stock by an exchange therefor of municipal bonds, this court cannot interpose a veto to such transactions, no matter upon what scale they may have been carried on. We have neither jurisdiction to question the law, nor do the municipalities concerned ask us so to do. With more courage than judgment, perhaps, Messrs. Fitzgerald & Mallory attempted to secure control of the leverage offered by the railroad company to obtain bonds of the municipalities of the state of Kansas lying along the route of the railroad, but later they found their means inadequate to this undertaking. Under stress of financial difficulties, Messrs. Fitzgerald & Mallory applied to the managing officers of the Missouri Pacific Railway Company for assistance. As a condition precedent to the Missouri Pacific Railway Company's compliance, its officers required that a construction company should take the place of Messrs. Fitzgerald & Mallory as contractors. The memorandum of agreement of May 4, 1886, was thereupon entered into between the substituted construction company and the Missouri Pacific Railway Company. A significant part of the preambles with which this contract began was the recitation of the desire of the Missouri Pacific Railway Company to obtain control of the line of railroad to be constructed. As the construction of the railroad line progressed, stock of the Denver, Memphis & Atlantic Railway Company at the rate of \$16,000 per mile, less \$3,500 per mile intended to be exchanged for municipal aid bonds, and \$16,000 per mile of its bonds secured by first mortgage on its line, were issued and delivered to the Construction Company in payment for such construction. Exclusive of \$1,000 per mile for

the purchase of rolling stock equipment (which provision was afterwards abandoned), the above contract between the Fitzgerald & Mallory Construction Company and the Missouri Pacific Railway Company provided that full payment should be made to the Construction Company in the Missouri Pacific Railway Company's bonds, bearing five per cent annual interest, issued at the rate of \$11,000 per mile of constructed railroad. It is possible that at one time the municipalities which issued their bonds might have been relieved in a proper forum as against the inadequacy between the stock issued to them and the aid bonds given in exchange for them. These dealings, at most, authorized the election to treat the bonds as avoidable, not necessarily void, provided the right of election was exercised in due time and before other rights had accrued. In so far as our action should be governed by considerations of public policy, it seems quite clear that the inadequacy referred to should not be given great prominence, not only on account of what has already been said, but because of the fact that on the 1st day of January, 1887, the Missouri Pacific Railway Company executed a trust mortgage to secure its negotiable five per cent bonds to be issued in the aggregate not in excess of fifteen million dollars, and as part of "the underlying securities" for the payment of these bonds, there were deposited with the trustee named in the mortgage, the bonds of the Denver, Memphis & Atlantic Railway Company, and other companies whose lines of railroad were constructed under much the same contracts as those above set out, made between the same parties. After the lapse of several years, it is fair to assume that these negotiable bonds have passed into the hands of innocent purchasers for value, whose rights should not unnecessarily be ignored. It seems to the writer hereof that an inquiry into the original motives and conduct of the parties not involved in this litigation is unnecessary, and in view of the rights of the holders of the bonds of

the Missouri Pacific Railway Company such an inquiry might be very mischievous. There are no pleadings in the record upon which questions of public policy, as affecting the status of the parties to this controversy, are presented. The building of railroad lines were legitimate enterprises—possibly there may have been too great a margin for the work undertaken with its incidental risks. The roads have been built and no one questions that this is so. To us are presented simply questions as to the rights of the parties to the proceeds earned under contracts which in their inception at most were not void, but voidable only. No one concerned elects to treat them as void; we should hesitate long before becoming the moving party in that direction.

Due issues were made up as to all claims asserted by each party, upon the trial of which the district court made special findings as to each subject of controversy, and rendered a judgment, from which both parties appeal—the Construction Company by John Fitzgerald, however, having first completed its appeal, has hereinbefore been styled the appellant. The pleadings in this case are very voluminous, and as the gist of the controversy is for all practicable purposes sufficiently set out in the findings of the district court, they, rather than the averments of the pleadings, will be hereinafter resorted to for a statement of the matters of difference between the parties litigant.

5. In a review of the issues joined it is evident that the liability of the Missouri Pacific Railway Company for such acts as were charged against its officers in the discharge of their duties, as such, should first receive attention, since it is insisted by defendants that these acts cannot be imputable to the railway company itself.

The following apt language is employed by Harlan, J., in the opinion of the supreme court of the United States, in *Denver & R. G. R. Co. v. Harris*, 122 U. S., on page 607: "In *Philadelphia, W. & B. R. Co. v. Quigley*, 21 How. [U. S.], 202, this court held that a railroad corporation was

Fitzgerald v. Fitzgerald & Mallory Construction Co.

responsible for the publication by them of a libel in which the capacity and skill of a mechanic and builder of depots, bridges, station houses, and other structures for railroad companies were falsely and maliciously disparaged and undervalued. The publication in that case consisted in the preservation in the permanent form of a book for distribution among the persons belonging to the corporation, of a report made by a committee of the company's board of directors, in relation to the administration and dealings of the plaintiff as a superintendent of the road. The court, upon a full review of the authorities, held it to be the result of the cases 'that for acts done by the agents of a corporation, either *in contractu* or *in delicto*, in the course of its business and of their employment, the corporation is responsible as an individual is responsible under similar circumstances.' In *State v. Morris & E. R. Co.*, 23 N. J. Law, 369, it was well said that if the corporation has itself no hands with which to strike, it may employ the hands of others; and it is now perfectly well settled, contrary to the ancient authorities, that a corporation is liable *civiliter* for all torts committed by its servants or agents by authority of the corporation, express or implied. * * * The result of the modern cases is that a corporation is liable *civiliter* for torts committed by its servants or agents precisely as a natural person, and that it is liable as a natural person for the acts of its agents done by its authority, express or implied, though there be neither a written appointment under seal nor a vote of the corporation constituting the agency or authorizing the act. (See, also, *Salt Lake City v. Hollister*, 118 U. S., 256-260; *New Jersey Steamboat Co. v. Brockett*, 121 U. S., 637; *First Nat. Bank of Carlisle, Pennsylvania, v. Graham*, 100 U. S., 699-702.)"

In *Booth v. Farmers & Merchants Bank*, 50 N. Y., on page 400 *et seq.*, is found the following language: "When an officer does an act which is within the general scope of his powers, although circumstances may exist which render

the particular act a violation of his duty, the corporation is nevertheless bound by his act as to persons dealing in ignorance of those circumstances, and is responsible to innocent third parties who have sustained damages occasioned by such act. And the liability of the corporation for the consequences of acts of its officers done within the scope of their general powers is not affected by the fact that the act which the officer has assumed to do is one which the corporation itself could not rightfully do. A corporation may do wrong through its agents as well as a private individual. (*New York & N. H. R. Co. v. Schuyler*, 34 N. Y., 30; *Farmers & Mechanics Bank of Kent County, Maryland, v. Butchers & Drovers Bank*, 16 N. Y., 125; *Bissell v. Michigan S. & N. I. R. Co.'s*, 22 N. Y., 258; *Bank of Genesee v. Patchin Bank*, 13 N. Y., 309.)"

In *Hussey v. King*, 3 S. E. Rep. [N. Car.], on page 926, Davis, J., delivering the opinion of the court, said: "It was long thought that as the corporation had no mouth with which to utter slander, or hand with which to write libels or commit batteries, or mind to suggest malicious prosecutions or other wrongs; as it was an artificial person and could speak and act only through and by the agency of others, it was therefore not liable for any torts except such as resulted from some act of commission or omission of its agents or servants while acting within the scope of granted powers, or wrongfully omitting or neglecting some duty imposed by its charter or by law; and, consequently, it was necessary to allege that the act committed was while acting within the scope and power of the company; or that the act omitted was required to be performed. Whether it was wise to depart from this rule that exempted corporations from liability for the acts of agents in cases where the character of the act depended upon motive or intent, seems no longer an open question. The old idea that because a corporation had no 'soul' it could not commit torts or be the subject of punishment for tortious acts, may now be

Fitzgerald v. Fitzgerald & Mallory Construction Co.

regarded as obsolete. The rights, the powers, and the duties of corporate bodies have been so enlarged in modern times, and these 'artificial persons' have become so numerous and enter so largely into the every-day transactions of life, that it has become the policy of the law to subject them, as far as practicable, to the same civil liability for wrongful acts as attach to natural persons, and this liability is not restricted to acts committed within the scope of granted powers, but a corporation may be liable to an action 'for false imprisonment, malicious prosecution, and libel.' (Pierce, Railroads, 273.)"

In *Miller v. Burlington & M. R. R. Co.*, 8 Neb., 219, it was said that a corporation is liable the same as a natural person for the tortious acts of its servants and agents in the course of their employment, but to make a corporation liable for such acts, they must be connected with the transaction of the business for which the company was incorporated, for the officers themselves are the mere agents of the corporation, and their powers are necessarily limited within the scope of the purposes of the corporation. The stockholders, however, by electing officers, assume the risk of the faithful or unfaithful management of the corporation, and cases may arise when if one of two innocent persons has to suffer, the one who has created the power and selected the persons to enforce it must sustain the loss.

The citation of other authorities upon a point which may now be considered settled would be a work of supererogation, in no way rendering more clear the principles established by the consensus of the above adjudicated cases. A fuller and more elaborate consideration of the subject could easily be had by mere quotation from the language of section 698 of Cook on Stock and Stockholders and Corporation Law, but the space thereby occupied would be needlessly so taken up, for the result reached in each instance is the same as that enunciated in the opinions from which quotations have already been made.

6. In *Worthington v. Worthington*, 32 Neb., 338, 339, NORVAL, J., said: "It is well settled in this state that the finding of the district court on conflicting evidence is conclusive on appeal to the supreme court, unless there is a clear preponderance of evidence against the finding. (*Brown v. Hurst*, 3 Neb., 353; *Helling v. New England Mortgage Security Co.*, 10 Neb., 611; *Courtney v. Price*, 12 Neb., 188; *Jennings v. Simpson*, 12 Neb., 558; *Aultman v. Patterson*, 14 Neb., 57; *McLaughlin v. Sandusky*, 17 Neb., 110.)"

A patient and careful examination of all the testimony adduced upon the trial before Judge Tibbets serves to justify the confidence in the trial judge which this rule implies, as well as to place us under great obligations for his thorough analysis of the evidence adduced, and his comprehensive findings of the facts thereby established. No other apology or explanation is deemed necessary to account for the free use which shall be made of the findings of fact thus made by the trial court. Referring to the contracts, which have already been copied, the twelfth finding of fact was as follows:

"(12.) That said agreements were, by all the parties thereto, subsequently modified and changed to the effect that the furnishing of the equipment for the road to be constructed was waived by the railroad company, and the amount to be received by the Fitzgerald & Mallory Construction Company from the Missouri Pacific Railway Company was reduced to eleven thousand (\$11,000) dollars per mile, to be paid in Missouri Pacific five per cent bonds."

Immediately succeeding this are the following findings of fact:

"(13.) That under the said contract the said Fitzgerald & Mallory Construction Company constructed in the state of Kansas four hundred and ten and forty-eight hundredths miles of railroad, extending from Chetopa, in eastern Kansas, west to Larned, a distance of two hundred and seventy-two and two-hundredths miles, and from McCracken west

to the state line, a distance of one hundred and thirty-eight and forty-six hundredths miles; that the said road was constructed by the said Construction Company in every respect in compliance with the terms of said contracts.

“(14.) On the 15th day of June, 1886, the said Construction Company had ten miles of said road completed and ready for delivery to the Missouri Pacific Railway Company; that on the 15th day of July, 1886, the Construction Company had thirty miles of said road completed and ready for such delivery; that on the 14th day of February, 1887, the Construction Company had one hundred and fifty miles of said railroad completed and ready for delivery, with the exception of some finishing work upon the road-bed, bridges, and cattle guards; that on August 1, 1887, said road was entirely completed.

“(15.) That said railroad was turned over and delivered to the defendant, the Missouri Pacific Railway Company, by the defendant, the Fitzgerald & Mallory Construction [Company], as follows: One hundred and fifty miles on the 14th day of February, 1887; twenty-nine and eighty-three hundredths miles on the 11th day of August, 1887; ninety-three and fifty-seven hundredths miles on the 11th day of August, 1887; one hundred and twenty-four and forty-two hundredths miles on the 1st day of October, 1887; twelve and eighty-two hundredths miles on the 15th day of December, 1887.

“(16.) That for the purpose of extending the line of railroad heretofore recited in these findings to be built from the western line of the state of Kansas to the city of Pueblo in the state of Colorado, the said Fitzgerald & Mallory Construction Company and the said the Missouri Pacific Railway Company on the — day of —, 1887, caused to be incorporated, under the laws of the state of Colorado, the Pueblo and State Line Railroad Company, with power to construct and operate a line of railway from the western line of Kansas to said city of Pueblo.

"(17.) That on the 16th day of August, 1887, the Fitzgerald & Mallory Construction Company entered into a contract with the Pueblo & State Line Railroad Company, wherein the said Construction Company agreed to furnish all material and construct a railway commencing at or near the city of Pueblo, state of Colorado, thence running eastward to the state line of Kansas, and to furnish and pay for the right of way for the said railway, the work and construction of said railway to be done in accordance with the terms of said contract, and to the satisfaction of the resident engineer of the Missouri Pacific Railway Company, and subject to his approval; buildings and yard tracks to be according to plan to be furnished by the Missouri Pacific Railway Company. In consideration whereof the Pueblo & State Line Railroad Company agreed to turn over and pay to the said Construction Company fifteen thousand (\$15,000) dollars of first mortgage bonds and ten thousand (\$10,000) dollars stock for each mile of road so constructed, the same being all the bonds and all of the stock of said railroad.

"(18.) That on the 16th day of August, 1887, the Fitzgerald & Mallory Construction Company and the Missouri Pacific Railway Company entered into a written contract, wherein it was recited that the said Construction Company had, on the 16th day of August, 1887, entered into a contract with the Pueblo & State Line Railroad Company for the construction of a line of railroad from Pueblo to the state line of Kansas, and wherein it was recited that the contract with the Pueblo & State Line Railroad Company was annexed and made a part thereof. That therein it was agreed that the Fitzgerald & Mallory Construction Company should sell to the Missouri Pacific Railway Company all of the stock and bonds of the said Pueblo & State Line Railroad Company that should be received from the construction of the road, to-wit, fifteen thousand (\$15,000) dollars in bonds, and ten thousand (\$10,000).

Fitzgerald v. Fitzgerald & Mallory Construction Co.

dollars of stock for each mile of completed road, and therein it was agreed that the said the Missouri Pacific Railway company should pay to the said Fitzgerald & Mallory Construction Company for said bonds and stock the sum of twelve thousand (\$12,000) dollars per mile of completed road, payable in the bonds of the Missouri Pacific Railway Company, drawing interest at the rate of five per cent per annum. And in said contract it was further agreed that the Missouri Pacific Railway Company should furnish and deliver to the said Construction Company at the west line of the state of Kansas all the ties, rails, and fastenings to be used by the Construction Company in the construction of the said road, at a certain price, in said contract specified, and if delivered at any other place than above named the additional amount of three-fourths of a cent as freight per ton per mile to be charged. It was further provided in said contract that the said Missouri Pacific Railway Company should transport over its system of railway such material and men as should be required by the Construction Company in the construction of the said road at the rate of three-quarters of a cent per ton per mile for materials, and one cent per mile for men. And to transport over any portion of the said State Line & Pueblo railroad that may be operated by the Missouri Pacific Railway Company materials and men used and required as aforesaid at the actual cost of train service.

“(19.) That under the said contracts so made for the construction of the Pueblo & State Line railroad the Fitzgerald & Mallory Construction Company constructed and completed a line of railway commencing at the terminus of the Denver, Memphis & Atlantic railway on the state line between Kansas & Colorado, running thence in a westerly direction to the city of Pueblo, in the state of Colorado, a distance of one hundred and fifty-one and thirty-four hundredth miles, and on the 15th day of December, 1887, delivered said road and the possession and

control of the same to the defendant the Missouri Pacific Railway Company. That said road was constructed in every respect in accordance with the terms and conditions of the said contracts.

"(20.) That prior to the 3d day of May, 1887, the Fitzgerald & Mallory Construction Company, under contracts in all respects similar to the contracts in connection with the construction of the said Denver, Memphis & Atlantic railway, constructed a line of railway known as the Kansas & Southwestern railway, extending from Iuka in the state of Kansas, in a northeasterly direction, to a junction with the Denver, Memphis & Atlantic railway, a distance of twenty-four and eighty-four hundredths miles, and on the 3d day of May, 1887, the said Construction Company delivered said road so constructed, together with the possession and the control of the same, to the defendant the Missouri Pacific Railway Company; that the said road was constructed in all respects in accordance with the terms and conditions of the said contracts.

"(21.) That prior to the 11th day of August, 1887, the Fitzgerald & Mallory Construction Company, under a contract similar to that named in finding number 20, constructed a line of road known as the Winfield, Texas & Gulf, running from Winfield, in the state of Kansas, south a distance of two miles, and on the 11th day of August, 1887, the said Construction Company delivered the said road so constructed and the possession and control of the same to the defendant the Missouri Pacific Railway Company; that said road was constructed in all respects in accordance with the contract.

"(22.) That each and all of the several railroads, and the parts of the same constructed by the Fitzgerald & Mallory Construction Company and delivered to the Missouri Pacific Railway Company, as heretofore recited in these findings, have, at all times, since the said several deliveries,

been in the possession and under the control of the defendant the Missouri Pacific Railway Company, and have been operated by the said railway company.

"(23.) That by virtue of and through the above named arrangements and contracts the Fitzgerald & Mallory Construction Company assumed the relation of contractor with the Missouri Pacific Railway Company to build the several lines of railroad so named above in the findings, and a direct contract relation in reference to the building of said railroads was established between the two companies.

"(24.) The court finds that each and all of the above named contracts for the construction of the several roads named were in nowise unconscionable contracts, but were fair and reasonable contracts in which the interest of all the parties to the several contracts were properly protected, and at the time of the execution of the said contracts the officers of the Fitzgerald & Mallory Construction Company who executed said contracts on behalf of the Construction Company acted in good faith in the interests of the Construction Company, and the officers of the Missouri Pacific Railway Company, who executed said contracts on behalf of said railway company acted in good faith in the interest of the said railway company.

"(25.) The court finds that from the 28th day of April, 1886, to the 6th day of April, 1887, the officers and directors of the Denver, Memphis & Atlantic Railway Company were the friends and favorable to the interest of the Fitzgerald & Mallory Construction Company, and of the plaintiff herein, and were under the pay of said Construction Company; that since said 6th day of April, 1887, the organization of the said Denver, Memphis & Atlantic Railway Company has been under the control of the Missouri Pacific Railway Company, and its officers and directors have acted in the interests and under the direction of the said Missouri Pacific Railway Company.

"(26.) The court further finds that the defendant the

Missouri Pacific Railway Company, in connection with the several contracts above referred to, assumed the right to prepare the bonds of the Denver, Memphis & Atlantic Railway Company, and the Pueblo & State Line Railroad Company, and to prepare the mortgages that were to secure the said bonds, and to retain the said bonds, both before and after execution, in its possession, and under its control; that said bonds were never in the possession or under the control of the Denver, Memphis & Atlantic Railway Company, or the Fitzgerald & Mallory Construction Company; that on the 22d to the 28th days of October, 1886, the president and secretary of the Denver, Memphis & Atlantic Railway Company executed three million two hundred thousand (\$3,200,000) dollars of said bonds in the office of the defendant railway company in New York city.

“(27.) On the 22d day of February, 1887, the board of directors of the Denver, Memphis & Atlantic Railway Company authorized the trustee to certify to bonds covering one hundred and fifty miles of completed road; on the 23d day of May, 1887, the board of directors authorized the certification of bonds covering thirty additional miles of road; that on the 18th day of July, 1887, the said board further authorized the certification of bonds covering two hundred miles of additional road; that on the 1st day of October, 1887, the said board authorized the further certification of bonds covering thirty and seven-tenths miles of additional road.

“(28.) The court further finds that at all times from the date of the organization of the Fitzgerald & Mallory Construction Company up to April 17, 1889, the plaintiff herein, John Fitzgerald, was a director of said Construction Company; that the directors of said company were five in number; that prior to November 3, 1886, a majority of said directors were friendly to the interest of the plaintiff; that since said 3d day of November, 1886, three of said five directors, together with the treasurer, have been

Fitzgerald v. Fitzgerald & Mallory Construction Co.

directly or indirectly interested in the defendant railway company; have acted in the interest of said railway company in all matters concerning the management of said Construction Company, where the interest of the railway company and the Construction Company have come in conflict.

“(29.) The Missouri Pacific Railway Company failed to act in the authorization of the issuance of its bonds to pay over as provided in its contracts with the Construction Company until December 10, 1886, when, by its board of directors, it authorized the issuance of five million (\$5,000,000) dollars of Missouri Pacific five per cent trust bonds, and said bonds were issued in pursuance of said authorization under date of January 1, 1887.

“(30.) The court finds that under the contract for the construction of the Denver, Memphis & Atlantic railway, the Kansas Southwestern railway, and the Pueblo & State Line railroad, the defendant the Missouri Pacific Railway Company delivered to the Fitzgerald & Mallory Construction Company, Missouri Pacific trust bonds as follows:

“February 14, 1887.....	\$1,500,000
“July 28, 1887, (through Jay Gould)	2,500,000
“September 22, 1887	2,500,000

“Making a total of..... \$6,500,000

“That the said bonds so delivered had never been bought and sold upon the market and had not acquired a fixed market value, but were reasonably worth par at the several times of said several deliveries; that the said bonds were secured by the deposit with the trustee of the first mortgage bond of said different railway companies, including the Denver, Memphis & Atlantic and the Kansas and Southwestern Railway Companies, and were not secured by the deposit of the stock of any companies whatever.

“(31). That under said contracts there would be due and payable from the Missouri Pacific Railway Company to

the Fitzgerald & Mallory Construction Company, in Missouri Pacific five per cent bonds, for the construction of the Denver, Memphis & Atlantic railway, the Pueblo & State Line railroad, and the Kansas & Southwestern railroad, the sum of six million six hundred and four thousand six hundred (\$6,604,600) dollars.

"(32.) That on the 7th day of February, 1887, the Missouri Pacific Railway Company and the Fitzgerald & Mallory Construction Company modified and changed the contract for the construction of the Denver, Memphis & Atlantic railway to the effect that one hundred and fifty (150) miles of the road then completed should be paid for by the said railway company at the rate of ten thousand (\$10,000) dollars per mile, instead of at the rate of eleven thousand (\$11,000) per mile, the same to be paid in Missouri Pacific five per cent bonds, as above provided."

The fortieth, forty-first, forty-second, forty-third, and forty-fourth findings were as follows:

"(40.) The court further finds that on the 28th day of July, 1887, at a meeting of the board of directors of the Fitzgerald & Mallory Construction Company held at New York city, where were present Russell Sage, R. I. Cross, and Sidney Dillon, and absent S. H. Mallory and the plaintiff herein, it was resolved to sell four million (\$4,000,000) dollars Missouri Pacific railway five per cent bonds to the stockholders of the said Construction Company at ninety per cent of face value, and Jay Gould, the president of the Missouri Pacific Railway Company, furnished two million five hundred thousand (\$2,500,000) dollars in bonds to add to one million five hundred thousand dollars (\$1,500,000) bonds then possessed by the Construction Company, for the purpose of completing the required amount to make the sale; that under said resolution all the stockholders, with the exception of John Fitzgerald and S. H. Mallory, took their *pro rata* share of said bonds and in the amount of three million two hundred

thousand (\$3,200,000) dollars; that when informed of said transaction the said Fitzgerald and Mallory protested against the same.

"(41.) That on said July 28, 1887, the full amount of said two million five hundred thousand (\$2,500,000) dollars, additional bonds furnished by Jay Gould, was due the Construction Company from the defendant the Missouri Pacific Railway Company, and the same should be treated as a payment by the said railway company to the Construction Company and the said railway company should pay all charges made by the said Gould on account of said advancement.

"(42.) That on the 23d day of September, 1887, R. I. Cross, the treasurer of the Construction Company, paid from the funds of the said company the sum of sixty-two thousand five hundred (\$62,500) dollars to Jay Gould on account of interest on the two million five hundred thousand (\$2,500,000) dollars bonds delivered to the Construction Company July 28, 1887; that the said sixty-two thousand five hundred (\$62,500) dollars, so paid, is a proper charge against the Missouri Pacific Railway Company and in favor of the Fitzgerald & Mallory Construction Company in this action, and the same is allowed.

"(43.) That on the 22d day of September, 1887, at a meeting of the directors of the Fitzgerald & Mallory Construction Company, held in New York city, where all of the directors were present, a sale of bonds in the amount of one million eight hundred thousand (\$1,800,000) dollars (not) already sold (was) ordered made to the New York stockholders of the Fitzgerald & Mallory Construction Company *pro rata*, said sale being made at ninety per cent of par value; that it was further ordered at said meeting of directors that one million five hundred thousand (\$1,500,000) dollars of Missouri Pacific bonds be distributed among the stockholders of the Construction Company as a declared dividend upon stock.

"(44.) That the plaintiff herein acquiesced in the sale of bonds of July 28 and September 22, and the declaration of said dividend to stockholders, and acquiesced in the reduction of one thousand dollars (\$1,000) per mile on one hundred and fifty (150) miles of road made by the meeting of the board of directors February 7, 1887."

7. Before consideration in detail of the several items involved, the effect of the acquiescence by stockholders of the Construction Company in acts detrimental to that company as creating an estoppel should receive consideration. The last quoted finding of fact (forty-fourth) led the trial judge to the conclusion that as to neither item therein referred to could relief be granted. Whether or not this result followed is the question now to be considered. It will be borne in mind that S. H. Mallory and John Fitzgerald owned one-fifth of the capital stock of the Fitzgerald & Mallory Construction Company, and the findings of the court are, therefore, that by the acquiescence by one-fifth in amount of the stockholders in wrongs which were found to have been perpetrated upon the Construction Company, the Construction Company was barred of its right to relief. The plaintiff alleged that there was due from the Construction Company something like \$100,000 of indebtedness, for which there was available nothing but the amounts due said Construction Company from its co-defendant, the Missouri Pacific Railway Company. The fourteenth paragraph of the answer of the defendant specifically alleged the existence of one debt due from the Construction Company of the sum of \$2,500; of another of \$52,000 in amount, and of a third of \$5,148.48, the last two of which were in judgment, besides in general terms asserting that there were other debts equaling in the aggregate the sum of about \$50,000, in respect of which the Missouri Pacific Railway Company had been duly garnished as a supposed debtor of said Construction Company. It is difficult to conceive why the acquiescence of

stockholders in the wrong found by the court, whereby its ability to pay its debts was greatly impaired, should preclude the right of the Construction Company to relief as against such wrong. The trial court found that aside from the acquiescence of Fitzgerald and Mallory there had been the active commission of the wrong by the holders of the other four-fifths of the Construction Company's stock. Of what greater avail should be the mere acquiescence of the other fifth?

In *Quincy v. Steel*, 120 U. S., 244, it was said that a suit brought by a stockholder for the benefit of the corporation was in fact a suit for the corporation itself. That the acquiescence of stockholders, merely as such, could be held to imply more than by an affirmative act such stockholder, as such, could perform, can scarcely be seriously argued.

In the brief of the defendants is found the following quotation from the language of Field, J., in *Humphreys v. McKissock*, 140 U. S., 311, 312: "The property of a corporation is not subject to the control of individual members, whether acting separately or jointly. They can neither incumber nor transfer that property, nor authorize others to do so. The corporation—the artificial being created—holds the property, and alone can mortgage or transfer it; and the corporation acts only through its officers, subject to the conditions prescribed by law." In this brief it is also stated that Justice Field, in the case cited, approved the language of Chief Justice Shaw in *Smith v. Hurd*, 12 Met. [Mass.], 385, where he says: "The individual members of the corporation, whether they should all join or each act severally, have no right or power to intermeddle with the property or concerns of the bank, or call any officer, agent, or servant to account, or discharge them from any liability. Should all the stockholders join in a power of attorney to any one, he could not take possession of any real or personal estate, any security or chose

in action : could not collect a debt or discharge a claim, or release damage arising from any default, simply because they are not the legal owners of the property, and damage done to such property is not an injury to them. Their rights and their powers are limited and well defined." If all the stockholders, by joining in a power of attorney for that purpose, could not release damage arising from any default, upon what principle could such release be inferred from the mere acquiescence in such release by one-fifth in amount of the stockholders? Most manifestly such an anomaly cannot be tolerated, much less enforced by judicial tribunals. In argument it is tenaciously contended, however, that the long acquiescence of the Construction Company effected the same result. There was no finding of such acquiescence by the court. Indeed, there could not be, consistently with the finding that the Construction Company was dominated in all things by the officers of the Missouri Pacific Railway Company.

8. Having divested the inquiry of this matter of acquiescence, let us consider the history of these transactions; and first,—of the reduction in compensation from \$11,000 per mile to \$10,000. In the thirty-second finding, above quoted, the trial court found established as a fact, by the evidence, that on February 7, 1887, the Missouri Pacific Railway Company and the Fitzgerald & Mallory Construction Company modified and changed the contract for the construction of the Denver, Memphis & Atlantic railway so that 150 miles of the road, when completed, should be paid for by the said railway company at the rate of \$10,000 instead of at the rate of \$11,000 per mile, the same to be paid in Missouri Pacific five per cent bonds. This finding of the completed condition of 150 miles of the line of railroad of the Denver, Memphis & Atlantic Railway Company on February 7, 1887, is somewhat modified by the concluding part of the fourteenth finding, which was: "That on the 14th day of February, 1887, the Construction Company had

Fitzgerald v. Fitzgerald & Mallory Construction Co.

one hundred and fifty miles of said railroad completed and ready for delivery, with the exception of some finishing work upon the road-bed, bridges, and cattle-guards; that on August 1, 1887, said road was entirely completed." The fifteenth finding establishes the fact that the 150 miles of railroad under consideration was accepted by the Missouri Pacific Railway Company on February 14, 1887, although the road was not then completed according to contract. The minutes of the meeting of the directors of the Construction Company, held on February 7, 1887, read as follows:

"195 BROADWAY, NEW YORK CITY,

"Feb. 7, 1887.

"An adjourned meeting of the directors of the Fitzgerald & Mallory Construction Company was held this day, at which there were present Messrs. S. H. Mallory, George J. Gould, R. J. Cross, and R. Sage and also Jay Gould.

"The minutes of the previous meeting were read, and on motion of Mr. Sage, were approved.

"Mr. Jay Gould, on behalf of the Missouri Pacific Railway Company, stated that certain portions of the Denver, Memphis & Atlantic railway were unsatisfactorily constructed, and for that reason the Missouri Pacific Company would decline to pay more than \$10,000 per mile for the 150 miles already built, and that the Missouri Pacific Company was ready to take the 150 miles named at that price, that is the line from Chetopa to Cedarville, and enough line from Belle Plaine to make out the 150 miles.

"On motion of Mr. Cross, duly seconded, it was voted that the proposition of the Missouri Pacific Railway Company to receive the 150 miles of the road and give Missouri Pacific Railway Company trust five per cent bonds for the same at the rate of \$10,000 per mile in full settlement be accepted.

"On motion, the meeting adjourned.

We concur with the court in its conclusion that the reduction from \$11,000 per mile to \$10,000 should be sustained. As already indicated, however, the fact that all the stockholders of the Construction Company acquiesced in this reduction is not a sufficient ground upon which alone the settlement at the rate of discount named can be sustained. The court found that the 150 miles was not, when accepted, completed according to the terms of the contract under which its construction was undertaken. The resolution quoted shows on what grounds the reduction was based and assented to. While the evidence is very conflicting as to the degree of non-compliance with the terms of said contract which existed when this reduction was made, neither party introduced evidence of full compliance. A settlement was made by way of compromise of these differences, and we do not find warrant in the record for disturbing the concessions made.

From a consideration of the thirty-third finding of fact of the trial court, there arises a necessity for criticism by reason of the difference between the thirteenth and fifteenth findings as to the mileage constructed. If there is allowed \$10,000 a mile for the first 150 miles of the Denver, Memphis & Atlantic railroad constructed, \$11,000 a mile for the remainder of that road and the Kansas & Southwestern, and \$12,000 a mile for the Pueblo, we find that the Construction Company earned upon its contract \$6,456,360, payable in Missouri Pacific five per cent bonds at par. The trial court found \$6,454,600. The difference between these findings, amounting to \$1,760, is due to the circumstances to which we have referred. Between the thirteenth and fifteenth findings there is a conflict to the extent of sixteen one-hundredths of a mile, and we have accepted the detailed statement of the fifteenth finding rather than the general statement of the thirteenth, there being support in the evidence for either finding. Instead, therefore, of the Missouri Pacific Railway Company

being entitled to a credit on account of overpayment in bonds to the amount of \$45,400, the credit should in fact be but \$43,640.

In the closing part of the thirty-third finding of facts it seems that there was a confusion of items to the disadvantage of the Missouri Pacific Railway Company, for the court having found due the above discussed item to the Missouri Pacific Railway Company, established the same as in "full settlement of the item of \$82,000, assigned by Jay Gould to the said railway company under date of September 1, 1888." This item of \$82,000, assigned by Jay Gould, has received mention in no other finding by the trial court. This item was assigned by Jay Gould to the Missouri Pacific Railway Company, and by that company is urged as a set-off to the claims made on behalf of the Construction Company. The treasurer of the Construction Company, R. J. Cross, in his evidence, explained that this item arose out of the loan to the Construction Company of \$2,500,000 Missouri Pacific bonds; that on January 31, 1888, he, as treasurer, returned to Jay Gould \$1,800,000 bonds issued by the Missouri Pacific Railway Company, which lacked \$156,000 of repaying Mr. Gould his said loan of bonds. Mr. Cross further testified that of the \$156,000 there was returned to Mr. Gould by the Construction Company on April 6, 1888, the sum of \$74,000 in bonds. The difference between the sum of \$156,000 and \$74,000 equals the \$82,000 claimed by the Missouri Pacific Railway Company by virtue of an assignment thereof from Jay Gould. It required no assignment to make the Missouri Pacific Railway Company a party to this transaction, for the trial court found that the alleged loan of \$2,500,000 of bonds of the Missouri Pacific Railway Company was not in fact a loan by Jay Gould, but was, and should be treated as, a payment upon a still larger amount already due from the Missouri Pacific Railway Company to the Construction Company. While the

trial court made no special finding as to this remnant of \$82,000, its status was fixed by the general finding as to the alleged loan of \$2,500,000 Missouri Pacific bonds out of which it grew, and it cannot, therefore, be allowed as a credit in favor of the Missouri Pacific Railway Company, claiming as assignee of Jay Gould. It was but a part payment of a large amount due the Construction Company from, and wrongfully withheld by, the Missouri Pacific Railway Company, and no assignment or manipulation can entitle it to a different status or more consideration than in its true character it was entitled to receive.

The thirty-fourth finding of fact was as follows: "The court further finds that on or about the 22d day of March, 1887, S. H. Mallory, the then president of the Fitzgerald & Mallory Construction Company, consented to a further reduction in the contract price for the construction of the Denver, Memphis & Atlantic railway of one thousand (\$1,000) dollars per mile for thirty-six miles of the said road; that the said consent of said Mallory was beyond the power of the president of said company; that the same was never at any time consented to or ratified by the said Construction Company or the plaintiff herein, and cannot be allowed as a credit to the defendant railway company." The facts recited were fully sustained by the evidence. The reasons assigned were amply sufficient to justify the conclusion reached as to this item. In addition to these, however, another occurs to us, and that is that the contract for the discount of \$36,000 was without consideration. (*Fire Insurance Association v. Wickham*, 141 U. S., 577; *United States v. Bostwick*, 94 U. S., 53; *Lingenfelder v. Wainwright Brewery Co.*, 15 S. W. Rep. [Mo.], 847; *Ayres v. Chicago, R. I. & P. R. Co.*, 52 Ia., 478; *Sherwin v. Brigham*, 39 O. St., 137; *Laidlow v. Hatch*, 75 Ill., 11; *Wilmer v. Overseers of Poor of Worth Township*, 104 Pa. St., 307; *Vanderbilt v. Schreyer*, 91 N. Y., 392; *Boyce v. Berger*, 11 Neb., 399.)

9. Let us now consider the history of the transactions of July 28 and September 22, referred to in the forty-fourth finding of facts. The fortieth finding established as facts that on July 28, 1887, at a meeting of the board of directors of the Construction Company, at which were present Russell Sage, R. J. Cross, and Sidney Dillon (S. H. Mallory and John Fitzgerald being absent), it was resolved that \$1,500,000 of Missouri Pacific bonds, then in the Construction Company's possession, and \$2,500,000 of said bonds to be borrowed of Jay Gould by said Construction Company, should be sold to the stockholders of the Construction Company at the rate of ninety per cent of their face value, and that under said resolution \$3,200,000 of said bonds, reckoned at their par value, were taken by the stockholders of the Construction Company other than Mallory and Fitzgerald, and that the last named parties, when informed of this transaction, protested against it. It is worthy of note that by the forty-first finding the Missouri Pacific Railway Company is found to owe this \$2,500,000 to the Construction Company, by which company, nevertheless, bonds to the amount of \$2,500,000 were borrowed of Jay Gould. The above finding of protest is reconcilable with the acquiescence stated in the forty-fourth finding upon the assumption that, notwithstanding their protest upon being informed of the transaction, Fitzgerald and Mallory afterward, on September 22, acquiesced in it. The action of the board of directors of the Construction Company appears in the records of the Construction Company in the following language:

"NEW YORK CITY, July 28, 1887.

"Mr. Cross stated that the company is indebted to its stockholders to the extent of \$1,500,000, being money borrowed, and that it is indebted to the Missouri Pacific Railway Company for \$772,856.27, and to Messrs. Morton, Bliss & Co. to the extent of \$600,000. Mr. Cross also stated that at least \$500,000 would be required to complete

Fitzgerald v. Fitzgerald & Mallory Construction Co.

the company's contract with the Missouri Pacific Railway Company. In view of these facts, the following resolution was offered by Mr. Cross and unanimously adopted:

"Resolved, That the treasurer is hereby instructed to sell a sufficient amount of the Missouri Pacific Railway Company's five per cent bonds at not less than ninety, to provide funds to pay off the amount borrowed, amounting to, say, \$1,500,000 and interest. The treasurer is authorized to sell other amounts of the same bonds at the same price, to the extent of, say, \$4,000,000 in all, to the shareholders, with the understanding that the *pro rata* share of these bonds of any stockholder who is not prepared to take his share within ten days from this date shall be first offered to the other stockholders *pro rata*.

"On motion of Mr. Cross, it was voted that the treasurer is hereby authorized to borrow from Mr. Jay Gould about \$2,500,000 of the Missouri Pacific Railway Company's five per cent bonds, to be returned to him when the Construction Company receives the bonds due under its contract with the Missouri Pacific Railway Company.

"On motion of Mr. Sage, the meeting adjourned."

The first notice Mr. Fitzgerald had of this meeting was given him by the following letter:

"JULY 28, 1887.

"John Fitzgerald, Esq., Winfield, Kansas—DEAR SIR: I hand you herewith a copy of minutes of a meeting of the stockholders of the Fitzgerald & Mallory Construction Company held here today. From it you will see that it was resolved to distribute \$4,000,000 of Missouri Pacific five per cent first bonds among the shareholders of the company at ninety, in order to raise necessary funds. Your interest on this distribution amounts to \$400,000 bonds, and it will be necessary for you to arrange for this amount to be taken up within ten days from date, otherwise I am instructed to distribute the bonds *pro rata* among the other shareholders. Yours truly, R. J. CROSS,

"Treasurer Fitzgerald & Mallory Construction Co."

Fitzgerald v. Fitzgerald & Mallory Construction Co.

At a meeting of the board of directors of the Construction Company at which were present S. H. Mallory, Russell Sage, John Fitzgerald, and R. J. Cross, on September 20, 1887, it was voted that the treasurer of said company be, and he was thereby, authorized to sell \$2,000,000 of the Missouri Pacific Company's five per cent bonds at ninety per cent to provide funds for the completion of the work of the Construction Company, and to give the stockholders *pro rata* the first option of buying the same. On September 22, 1887, there were present the same directors as were present on the 20th, and, in addition, there was present Sidney Dillon, another director, upon whose motion it was unanimously voted that the resolution passed on the 20th of September, providing for the sale of \$2,000,000 of bonds, should be amended so as to read as follows:

“Resolved, That the treasurer of this company be, and he is hereby, authorized to sell \$1,800,000 of the Missouri Pacific Railway Company's five per cent bonds at ninety per cent, to provide funds for the completion of the work of the Construction Company, and that the said bonds be sold to the following stockholders of the company (who were ready to buy the same) as follows:

“Russell Sage	\$375,000
“Morton, Bliss & Co.....	300,000
“Jay Gould.....	675,000
“H. G. Marquand	150,000
“Sidney Dillon.....	150,000
“George J. Gould.....	75,000
“J. & S. Warmser	75,000

“\$1,800,000”

Referring back to the transaction as to sale of bonds of July 28, 1887, there is presented the fact that \$4,000,000 in bonds of the Construction Company were by its board of directors ordered sold at ninety per cent of their face

value, and that at that time there was taken by the stockholders of the Construction Company (other than Fitzgerald and Mallory), \$3,200,000 of these bonds, the proportion of Fitzgerald and Mallory (\$800,000) not being taken. On September 20th and 22d the sale was authorized by the said board of directors when S. H. Mallory and John Fitzgerald were present, it therefore was peremptorily ordered to the associates of Fitzgerald and Mallory so as to include such portion as Messrs. Fitzgerald and Mallory had been entitled to take under the sale of July 28. These two sales of \$4,000,000 and of \$1,800,000, aggregating \$5,800,000, twice includes the sale of \$800,000 in bonds. The amounts actually taken were \$3,200,000 of the sale of July 28th, and \$1,800,000 on September 22, a total of \$5,000,000; \$1,800,000 of the last sale including the \$800,000 Fitzgerald and Mallory allotment ordered sold on July 28.

The minutes of said meeting of September 22 continued in this language: "On motion of Mr. Dillon, voted that a dividend of one hundred per cent on outstanding stock of the company, payable in Missouri Pacific Railway Company five per cent bonds, be, and is hereby, declared, and that said dividend be paid by the treasurer of the company on and after the 23d day of September, 1887, at his office, No. 28 Nassau street, New York city." This action of the board is merely recited in the trial court's forty-third finding of facts. It deserves more extended notice as part of the *res gestæ* and as indicative of the motives and methods of the parties who were directly responsible for these proceedings. Reverting again to the action of the board of directors of the Construction Company at its meeting of date July 28, 1887, it will be remembered that the bonds ordered sold were \$2,500,000, borrowed of Jay Gould, and \$1,500,000 held by the Construction Company. In the interim between July 28, 1887, and the above declared dividend there is not shown in the record the payment of a single cent on account of the purchase of \$1,500,000

Missouri Pacific bonds held by the Construction Company. By virtue of the dividend above declared there was placed to the credit of the stockholders of the Construction Company, with its treasurer, the amount necessary to pay at par for the \$1,500,000 of the bonds purchased. In the letter of R. J. Cross, treasurer of the Construction Company, addressed to George J. Gould, and written just after the action of the board referred to, Mr. Cross said: "I am instructed to inform you that on to-morrow, July 29, I will deliver to you your share of said bonds, say \$133,000, and receive from you in settlement therefor, as per the written statement, after crediting with interest the \$50,000 advanced by you on the 9th of March last, \$68,533.33, it being understood that the said bonds are to be held subject to my order with a view to making a satisfactory sale of the whole amount of the block." From the context of the letter it is not open to question that the block referred to was the \$4,000,000 in bonds previously mentioned in the said letter. On the same day the above named treasurer of the Construction Company wrote to Jay Gould a statement as to the mutual items of account between said Gould and the Construction Company, ending with the same significant language which closed the letter to George J. Gould, to-wit, "it being understood that the said bonds are to be held subject to my order with a view to making a satisfactory sale of the whole amount in one block." In the accounts given in evidence as between the Construction Company and each of the Goulds, of date July 29, 1887, the bonds are charged at the rate of ninety cents on the dollar. On the 22d day of September, 1887, John Fitzgerald and S. H. Mallory gave an order on R. J. Cross, treasurer of the Construction Company, requiring him to deliver to Jay Gould 213 Missouri Pacific bonds due them on account of their 3,000 shares of the Construction Company stock. On September 23, 1887, S. H. Mallory and John Fitzgerald gave an order on the treasurer of the Con-

struction Company directing him to deliver twenty Missouri Pacific bonds to C. C. Black, who on the same day indorsed said order to Sidney Dillon. On September 23, 1887, S. H. Mallory and John Fitzgerald receipted to the treasurer of the Construction Company for sixty-seven Missouri Pacific bonds, which closed out their share of the so-called dividend of one hundred per cent upon 3,000 shares of Construction Company stock held by them. In the evidence of R. J. Cross, treasurer of the Construction Company, there is given the following account of the disposition of the Missouri Pacific bonds:

Q. Did the Missouri Pacific Railway Company subsequent to that [February 7, 1887] deliver to you, as treasurer of the Construction Company, \$1,500,000 of the trust five per cent bonds provided for in the contract?

A. It did.

Q. So far as you know, did each, John Fitzgerald and S. H. Mallory and the other stockholders of the Construction Company, have notice of this settlement, and this delivery of these bonds?

A. They did.

Q. What was done with the \$1,500,000 in bonds thus delivered to you?

A. My recollection is that at first money was borrowed on the bonds from the different stockholders, or from some of them, and that later on the bonds were divided as a dividend on the stock.

Q. Why was the money borrowed from the stockholders at that time?

A. Because it was required to carry on the construction. The Construction Company required money and that was considered the best way of getting the money at that time.

Q. And these bonds were held as collateral security for the advance made by the stockholders?

A. They were.

Q. How was the money thus obtained from the stockholders repaid to them?

Fitzgerald v. Fitzgerald & Mallory Construction Co.

A. It was repaid to them by selling the bonds held as collateral.

Q. Was that sale made in pursuance of the authority of the board of directors of the Construction Company?

A. It was.

Q. Was the sale made upon a discount?

A. It was made at ninety cents on the dollar.

The purpose of this dividend has now been made clear. Ordinarily, the term "dividend" is applied to profits apportioned among shareholders. (*Vide Webster's Dictionary.*) In this case, there were no profits; nothing but such a dearth of funds that these bonds had been of necessity pledged as collateral for advances necessary to continue the operations of the Construction Company. In this condition of affairs, these bonds were sold to its favored stockholders by the Construction Company at the rate of ninety cents on the dollar. A fictitious dividend of one hundred per cent on the stock was declared in favor of each purchaser of bonds, which dividend was credited to him at par on the books of the treasurer of the Construction Company. This enabled the purchaser of the bonds to obtain several substantial advantages in addition to the discount of ten per cent under the resolution of July 28. By means of the first discount the favored stockholders were enabled to insure the payment by the Construction Company to themselves of the advances which had previously been made by them,—a very prudent measure in view of what followed,—for on September 22 a fictitious dividend was declared on Construction Company stock of one hundred per cent, which was ratably placed to the credit of each stockholder with the treasurer of the Construction Company, thereby enabling each purchaser to take and therewith pay for the greater portion of the \$1,800,000 Missouri Pacific bonds on that day ordered sold privately to the stockholders of the Construction Company. Incidentally, the sale and distribution of the bonds placed to the credit of Mr. Fitz-

gerald and of Mr. Mallory, respectively, a sufficient amount to enable Jay Gould to obtain therefrom payment of the amount due him from these two gentlemen, leaving to each a small sum as a residue. Neither Mr. Fitzgerald nor Mr. Mallory is a party to this action, in such a sense that any relief can be afforded them individually, even though, notwithstanding his acquiescence, each could claim relief,—a proposition upon which no opinion is herein ventured. As has already been said, this action is, for all practical purposes, to be treated as though the Construction Company was plaintiff and the Missouri Pacific Railway Company was defendant. The thirtieth finding of the trial court, upon conflicting evidence it is true, but still with sufficient proof to sustain it, was that the bonds, at the time of the several deliveries of them, were worth par. This must, therefore, be accepted as conclusive upon that point. The evidence of Mr. Black, president of the Denver, Memphis & Atlantic Railroad Company, was, that the bonds of that railroad company were all signed at the office of Mr. Gould, by himself (Mr. Black) and the secretary of said railroad company, and turned over to Mr. Phillips (Jay Gould's private secretary, and assistant secretary of the Missouri Pacific Railway Company), by whom receipts were given for the safe keeping of said bonds during the time they were there, and that after that time that he (Mr. Black) saw them no more and had no knowledge what became of them. Mr. Burns testified that, as secretary, he signed the bonds above referred to, and that receipts were given as above stated for the bonds which remained in the possession of Mr. Phillips. The receipts referred to were signed "Guy Phillips, Assistant Secretary." The first of these receipts, dated October 22, 1886, was for 100 bonds, Nos. 1-100; the second was of date October 23, 1886, and was for 400 bonds, Nos. 101-500; the third was of date October 25, 1886, and was for 750 bonds, Nos. 501-1250; the fourth was of date October 26, 1886, and was for 1,000 bonds,

Nos. 1251-2250; the fifth was of date October 27, 1887, and was for 750 bonds, Nos. 2251-3000; the sixth was of date October 28, 1886, and was for 200 bonds, Nos. 3001-3200. These bonds were for the sum of \$1,000 each. Each recited that all coupons were attached to such bonds as were described in said receipt, and that the certificate of the trustee was not signed. These receipts cover bonds of the par value of \$3,200,000 in the aggregate, and, at the rate of \$16,000 per mile, were issued upon 200 miles of railroad. There is no proof as to the time and manner of the subsequent issue of bonds of the Denver, Memphis & Atlantic Railroad Company—an omission probably accounted for by the subsequent change of officials of that road,—neither is there any evidence as to what became of the coupons above referred to, and as to the shares of stock in exchange for a part of which counties and cities in Kansas voted subsidies to the amount of about \$1,200,000 in the aggregate, the record is just as silent.

The trial court found in the thirtieth finding that “under the contract for construction of the Denver, Memphis & Atlantic railway, the Kansas Southwestern railway, and the Pueblo & State Line railroad, the Missouri Pacific Railway Company delivered to the Fitzgerald & Mallory Construction Company, Missouri Pacific trust bonds as follows:

“February 14, 1887.....	\$1,500,000
“July 28, 1887 (J. Gould).....	2,500,000
“September 22, 1887.....	2,500,000

“Making a total of.....\$6,500,000”

As to these, this finding also was that, while they had no fixed market value, they were reasonably worth par at the time of said several deliveries. In this finding is mentioned three railroads as to which there were contracts of construction. In respect to this it is only necessary to state that they were constructed under substantially the same

contract, and that in relation to each the parties to this controversy sustained a like relation as to every other of said railroads. The rule which must be enforced, as applied to the officers of the Construction Company, is aptly stated in *Gorder v. Plattsmouth Canning Co.*, 36 Neb., 548, by POST, J., in the following language: "There is no doubt that the relation of directors to the corporation of which they are officers is of a fiduciary character, and their contracts and dealings with respect to the corporate property will be carefully scrutinized by the courts. There are to be found cases in which it is asserted that such contracts are absolutely void, * * * but the decided weight of authority, as well as the more satisfactory reasoning, sustains the view that they are voidable only. It is frequently said in the reports and text-books that contracts between corporations and their directors will be set aside by courts of equity at the election of the stockholders, but such statement is not strictly accurate. Not every purchase of corporate property by the directors of the corporation will be adjudged void in an action by the stockholders, even by courts of equity. On the contrary, the relation of directors to the stockholders of a corporation is not essentially different from that ordinarily existing between trustee and *cestui que trust*. Courts of equity will set aside such contracts on the ground of fraud, and generally upon slight showing of fraud or bad faith by the trustee."

The liability of a corporation for the acts of its officers and agents within the scope of their employment has already been discussed. It was insisted on the trial, and is still urged, that the Missouri Pacific Railway Company was in no respect a participant in the proceedings which resulted in the discount of ten per cent on its bonds, and, therefore, that it cannot be held answerable to the Construction Company for this discount. It will be seen, by a reference to the addenda to the contract between the Missouri Pacific Railway Company and the Construction Com-

pany, that payments were to be made in time and manner following, to-wit: "On the completion of each ten miles of road according to the contract from not more than two miles connected with the road of the party of the first part, and on the receipt of the sixteen thousand (\$16,000) dollars per mile of the first mortgage bonds and sixteen thousand (\$16,000) dollars per mile of stock appertaining thereto (less the amount paid out for aid), the party of the first part will deliver to the party of the second part twelve thousand (\$12,000) dollars per mile of its five per cent bonds according to the above agreement." The evidence of Mr. Black and Mr. Burns, one the president and the other the secretary of the Denver, Memphis & Atlantic Railway Company, hereinbefore referred to, shows that as such officers they signed 3,200 bonds of the company last named, as shown by contemporaneously given receipts of dates between October 21 and October 28, 1886, and that these bonds were turned over to Guy Phillips, who was at that time the private secretary of Jay Gould, president of the Missouri Pacific Railway Company, as well as assistant secretary of the railway company last named. The receipts for these bonds were signed by Guy Phillips as such assistant secretary. Mr. Calef, the secretary of the Missouri Pacific Railway Company, suggested that assistant secretary Phillips would give these receipts for the safe keeping of the bonds, and it was accordingly so arranged. The officers of the Denver, Memphis & Atlantic Railway Company were given no alternative, the bonds must be retained in the office of the secretary of the Missouri Pacific Railway Company.

The trial court found that "since April 6, 1887, the organization of the said Denver, Memphis & Atlantic Railway Company has been under the control of the Missouri Pacific Railway Company, and its officers and directors have acted in the interests and under the direction of the said Missouri Pacific Railway Company. It is very im-

portant, in view of this domination of the Denver, Memphis & Atlantic Railway Company by the Missouri Pacific Railway Company, to note that the trial court found that the board of directors of the Denver, Memphis & Atlantic Railway Company, on February 22, 1887, authorized the trustee to certify to bonds of the Denver, Memphis & Atlantic Railway Company covering 150 miles of completed road, and that on May 23, 1887, the said board of directors authorized the certification of bonds covering 30 additional miles of road, and that on the 18th day of July, 1887, the said board further authorized the certification of bonds covering 200 miles of additional road. Omitting the first 150 miles as having been settled for by a compromise arrangement, we find that there were authorized to be certified by the trustee 260 miles of railroad as completed before July 18, 1887, a date very important to be kept in mind. No reference need be made in this connection to the 150 miles completed in February of 1887; for our purposes it is sufficient to note the finding of the trial court, that on May 3, 1887, there were turned over and delivered to the Missouri Pacific Railway Company 24.84 miles; on the 11th day of August, 1887, 123.40 miles; on October 1, 1887, 124.42 miles, and on December 15, 1887, 12.82 miles. The settlement in February, 1887, gave to the Construction Company \$1,500,000 in bonds of the Missouri Pacific Railway Company, which were disposed of as has just been stated. Notwithstanding the certificate to the trustee that on July 18, 1887, there were completed 260 miles of road, there had been before that date turned over and delivered to the Missouri Pacific Railway Company but 24.84 miles of railroad, and the Missouri Pacific Railway Company accepted as completed no more miles of railroad until August 11, following, when it received 123.40 miles. There was no more road turned over to the Missouri Pacific Railway Company until October 1, at which time the transactions

Fitzgerald v. Fitzgerald & Mallory Construction Co.

under comment had been fully consummated. If the Missouri Pacific Railway Company had paid according to the terms of its contract (modified to \$11,000 per mile as it was), there would have been paid to the Construction Company, on and before July 18, 1887, for 260 miles of railroad, the sum of \$2,860,000 in bonds, exclusive of the \$1,500,000 settled for in February preceding. These payments, however, were held back, and on the 28th day of July, ten days afterward, Jay Gould, the president of the railroad company in default, offered to, and as a matter of accommodation as it is claimed, did, loan to the Construction Company \$2,500,000 Missouri Pacific bonds. It will readily be seen that this amount, treated as a payment, which the trial court very properly declared it to be, still left due from the Missouri Pacific Railway Company to the Construction Company a balance of \$360,000 fully earned. When it is remembered that not only the \$2,500,000 of bonds which Jay Gould pretended to loan, but the \$1,500,000 earned for the first 150 miles constructed, were discounted at the rate of ten per cent when worth par, the enormity of this transgression against the rights of the Construction Company is fully apparent. Of these bonds the associates of John Fitzgerald and S. H. Mallory took \$3,200,000. It has already been demonstrated how, by the use of a fictitious dividend of one hundred per cent upon the stock of the Construction Company, the \$800,000 in bonds which Fitzgerald and Mallory had been unable to take, and \$1,000,000 more in bonds, were wrested from the Construction Company. The trial court found, as we have seen, that since the 6th of April, 1887, the organization of the Denver, Memphis & Atlantic Railroad Company had been under the control of the Missouri Pacific Railway Company, and that its officers and directors had acted in the interests and under the direction of the said Missouri Pacific Railway Company. To complete the responsibility of the Missouri Pacific Rail-

way Company for the unwarranted discount of \$500,000 enforced against the Construction Company, it is necessary to note but another finding of the court, which was, that since November 3, 1886, three of the directors of the Construction Company, together with its treasurer (R. J. Cross), "have been directly or indirectly interested in the defendant railroad company; have acted in the interests of said railroad company in all matters concerning the management of the said Construction Company where the interests of the railroad company and the Construction Company came in conflict." This finding is of course upon conflicting evidence, but it has ample support. It would subserve no useful purpose to fortify these facts as to the domination of the Missouri Pacific Railway Company over the Denver, Memphis & Atlantic Railway Company by an extended analysis of the testimony, which would be indispensable for that purpose, but which, while scattered through an immense volume, when gathered and considered, fully sustains the findings made. Under the pleadings, proofs, and findings, the Missouri Pacific Railway Company must be held liable to the Fitzgerald & Mallory Construction Company for this discount of ten per cent exacted upon the purchase of \$5,000,000 of Missouri Pacific bonds with interest, after deducting the overpayment of \$43,640 found in the corrected thirty-third finding of fact to have been made in bonds by the Missouri Pacific Railway Company to the said Construction Company as hereinbefore stated. The forty-second finding of fact is that \$62,500 interest, which fell due on the \$2,500,000 bonds delivered by Jay Gould to the Construction Company July 28, 1887, was paid to said Gould by the treasurer of the Construction Company on September 23, 1887. That for this amount, with interest from the date last named, the Missouri Pacific Railway Company is liable to the said Construction Company as a necessary corollary results from the propositions heretofore discussed.

10. Between the Missouri Pacific Railway Company and the aforesaid Construction Company there was a protracted introduction of evidence as to liability for certain material. The ultimate facts properly deducible from that evidence were settled to our satisfaction in the forty-fifth finding, which was in the following language: "(45.) The court further finds that in September, 1888, it was agreed between the Fitzgerald & Mallory Construction Company and the Missouri Pacific Railway Company that certain track material, the property of the Construction Company, should be sold and delivered to the said railway company as the same should be needed for use; that in accordance with said agreement an invoice of the said material was taken by the said construction and the said railway companies, and in the month of October, 1888, there was delivered to the said railway company of the agreed value of sixteen thousand two hundred and forty-one dollars and sixteen cents (\$16,241.16); that subsequently there was delivered further material of the agreed value of nineteen thousand six hundred and eighty dollars (\$19,680); that before any further delivery was made the remaining track material, of the value of sixteen thousand nine hundred and ten dollars and fifty cents (\$16,910.50), was sold for taxes duly and regularly levied against the Construction Company, and the railway company purchased the same at tax sale, and the material came into the possession of the said railway company; that said railway company paid at such tax sale the sum of three thousand and fifty dollars and forty cents (\$3,050.40), and is entitled to the same." It is perhaps true that technically there is ground for the argument made that title had not passed because delivery could not justly be made, nevertheless the relations of the parties were such that the Missouri Pacific Railway Company should not by purchase at a tax sale be permitted to acquire title as against the Construction Company.

11. The forty-sixth finding of fact is satisfactory to us.

It is as follows: "(46.) The court finds that at the several times of the delivery of the roads constructed, certain items of right of way remained unsettled, and that prior to the commencement of this action the defendant railway company paid out, to secure the said right of way, the sum of fifty-eight thousand seven hundred and fifty-eight dollars and thirty-nine cents (\$58,758.39); that since the commencement of this action the said railway company has paid out the further sum of six thousand six hundred and one dollars and ninety-one cents, and that the said sums are true and correct charges against the said Construction Company, and in favor of the defendant the Missouri Pacific Railway Company."

12. The forty-seventh finding of fact is in the following language: "(47.) "That about fifteen miles of railroad were laid out over government land; that no maps were filed with the secretary of the interior, showing the lines of way over said government land in the state of Kansas, but maps were filed with local land officers of the United States at Wakeeney, Kansas, duly certified to, showing said right of way." In the case of *Real v. Hollister*, 20 Neb., 112, it was held that, "in an action on a warranty deed for a breach of the covenant for quiet enjoyment, the plaintiff must allege and prove that he has been turned out of the possession of the granted premises or of some part thereof, or has yielded possession thereof to the paramount title." (See, also, *Anderson v. Buchanan*, 20 Neb., 272.) The finding quoted fully and fairly states all that was pleaded and proved; hence, no allowance of a counterclaim can be made as to the alleged failure to comply with such requirements as were necessary to acquire a railroad right of way across government lands.

13. The forty-eighth finding of fact was as follows: "(48.) The court further finds that under the said contracts for the construction of roads, and under the direction and request of the defendant the Missouri Pacific Railway Com-

pany, the Fitzgerald & Mallory Construction Company made surveys for lines not built, and expended for the same the sum of four thousand nine hundred and twenty-three dollars and six cents (\$4,923.06), and the same is allowed as a correct charge against the said defendant railway company." We cannot concur in this conclusion reached by the trial court, for the reason that there was not sufficient evidence to sustain it. There was evidence of other railroad schemes and of conversations between some of the officers of the Missouri Pacific Railway Company and some of the officers of the Construction Company in respect to the schemes proposed, which all seem to have had reference to obtaining subsidies rather than promoting legitimate railroad enterprise. As no more worthy object than this was in view in the preliminary surveys, a court of equity should hardly be called upon to help foster such a questionable spirit of enterprise. These surveys have been paid for by the Construction Company, and courts might as well be called upon to compel contribution among the promoters of any other scheme to rob the taxpayers as to enable the Construction Company to reimburse itself as to these surveys. From the record in this case, it appears that in Kansas it is required that for the bonds voted in aid of railroad enterprises there shall be issued stock of the railroad company at its par value, by virtue of which stock it is of course assumed that the donors are insured a representation on the board of directors of the railroad company to which the bonds are voted. The Denver, Memphis & Atlantic Railroad Company's articles of incorporation provided for fifteen directors elected by holders of stock issued at the rate of \$16,000 per mile, of which it was assumed by parties to the contracts above referred to that \$3,500 would be used in exchange for aid bonds. The articles of incorporation also provided for the issue of the bonds of the Denver, Memphis & Atlantic Railroad Company, secured by a first mortgage on the railroad line,

at the rate of \$16,000 per mile. Its stock was issued on a like liberal scale, so that plenty of margin should exist for the acquisition of aid bonds in exchange for a comparatively small portion of the stock. For the first mortgage five per cent bonds of the Missouri Pacific Railway Company, at the rate of \$11,000 per mile, both the \$16,000 per mile of bonds and whatever of the \$16,000 per mile of stock which had not been exchanged for aid bonds (estimated at \$3,500 per mile) were gladly exchanged by the Construction Company. Even this was claimed to be more than an equivalent for the line carrying \$16,000 per mile in stock and \$16,000 per mile in bonds, so that \$1,000 per mile of Missouri Pacific bonds were thrown off, and then for cash this \$10,000 per mile of Missouri Pacific bonds was shrunk ten per cent more. If the aid bonds, estimated at \$3,500 per mile, were worth par, the net cost of this railroad, without considering profits of construction, was \$5,500 per mile. The cost of these preliminary surveys not being contemplated in the original contracts for the construction of the railroads enumerated, and these surveys not being necessary concomitants to the operation thereof, present no equitable reasons for the reimbursement of the Construction Company's expenditures in that behalf. This claim of \$4,923.06 must, therefore, be disallowed, and if there existed the same absence of the rights of creditors of the Construction Company as to other items involved in this case, we should be decidedly inclined to let such items take a like course on the same grounds.

14. In reference to the construction of the telegraph line along the Denver, Memphis & Atlantic railroad there was the forty-ninth finding of the court, which was sufficiently sustained by the evidence. This finding was as follows: "(49.) The court finds that on the 18th day of August, 1886, under the direction of the defendant the Missouri Pacific Railway Company, the officers of the Denver,

Memphis & Atlantic railroad entered into a contract with the Western Union Telegraph Company for the construction of a telegraph line along the line of the Denver, Memphis & Atlantic; that in pursuance of the said contract the Fitzgerald & Mallory Construction Company furnished labor and material for the construction of said telegraph line, in the amount and value of twenty-five thousand seven hundred and three dollars and three cents (\$25,703.03); that said contract was made with said telegraph company for the use and benefit of the defendant the Missouri Pacific Railway Company, and said labor and material furnished were furnished at the request of said defendant railway company, and is a proper charge against said railway company." Its allowance as above is, therefore, confirmed.

The finding of the court that the Construction Company was entitled to payment for extra ties put in on the line of the Denver, Memphis & Atlantic railroad west of McCracken, for stock yards and pens, for fencing Chetopa & Conway Springs Division, for turn-tables on Conway Springs Division, and for extra nut-locks on the Denver, Memphis & Atlantic line as extras, was not without the support of sufficient evidence. The amount in each case of these extras is as near exact correctness as the condition of the proofs will admit of, and hence will be accepted as the true amount due. Against these items counsel for the Missouri Pacific Railway Company makes the contention that they were not within the contemplation of the written contracts to which reference has heretofore so frequently been made; in fact, that the allowance of these items must be upon evidence incompetent, because not found therein. The liability of the Missouri Pacific Railway Company is not, as to these matters, predicated upon said written contract; it is owing to the duty of making compensation for such erections made and material furnished and put into and along the line of railroad contemplated by said agreements,

as in the nature of things were necessary to its completion and equipment whether ordered in advance or after construction and used by the Missouri Pacific Railway Company. As to these, the testimony was that they were furnished in compliance with the request of the officers of the Missouri Pacific Railway Company. The question of the admissibility of evidence under such circumstances is very aptly discussed in the following language of COBB, J., in *Delaney v. Linder*, 22 Neb., on page 280: "Upon the point arising upon the refusal of the court to let in evidence to vary the terms of the contract, it is deemed sufficient to say that the contract is sued on, and set out in the petition without any allegation of mistake or failure therein to truly express the terms of the contract, or prayer for its reformation, and it is deemed to be too well settled to call for the citation of authorities that such allegation and prayer are indispensably necessary as a foundation for the admission of such evidence. The following from the opinion of DENMAN, C. J., in the case of *Goss v. Lord Nugent*, 5 B. & Ad. [Eng.], 64*, cited in the opinion in *McNish v. Reynolds*, 95 Pa. St., 483, is believed to possess the rare merit of being applicable to, if not conclusive of, both the above points: 'By the general rules of the common law, if there be a contract which has been reduced into writing, verbal evidence is not allowed to be given of what passed between the parties, either before the written instrument was made or during the time it was in a state of preparation, so as to add or subtract from, or in any manner to vary or qualify the written contract; but after the agreement has been reduced into writing it is competent for the parties, at any time before breach of it, by a new contract not in writing, either altogether to waive, dissolve, or annul the former agreement, or in any manner to add to, or subtract from, or vary or qualify the terms of it, and thus to make a new contract; which is to be proved, partly by the written agreement, and partly by the subsequent verbal terms en-

grafted upon what will be thus left of the written agreement."

15. The thirty-fifth, thirty-sixth, thirty-seventh, thirty-eighth, and thirty-ninth findings of fact were in reference to alleged overcharges, and were as follows:

"(35.) The court further finds that prior to May 4, 1886, the Fitzgerald & Mallory Construction Company and the Missouri Pacific Railway Company, in contemplation of the contract of May 4, 1886, entered into an oral agreement wherein it was agreed that the defendant railway company should transport over its line all men and material to be used in the construction of the roads contemplated at the regular construction rates of the said railway company, the same being the rate charged the several constituent companies of the said Missouri Pacific Railway Company, intermediate in the transportation of company material and men used in construction; that subsequent to May 4, 1886, the said agreement was confirmed and ratified by the parties thereto; that the said construction rate was at a rate of three-fourths of one cent per mile for all distances more than two hundred miles, and specified rates for distances less than two hundred miles, and one cent per mile for the transportation of men. That said freight and passenger rates were intended by the said parties to be about the actual cost of transportation.

"(36.) That said construction rate continued to be the established construction rate of the Missouri Pacific Railway Company up to and including December 15, 1887, and during the entire period of shipment by the said Construction Company over the lines of the said railway company.

"(37.) That prior to April 5, 1887, the Missouri Pacific Railway Company overcharged the Fitzgerald & Mallory Construction Company on freight the sum of seventeen thousand seven hundred and sixty-nine dollars and forty-five cents (\$17,769.45); that subsequent to April 5, 1887,

and prior to August 1, 1887, it overcharged the said Construction Company on freight the sum of seventeen thousand seven hundred and sixty-nine dollars and forty-five cents (\$17,769.45); that subsequent to April 5, 1887, and prior to August 1, 1887, it overcharged the said Construction Company on freight the sum of two hundred and ninety-two thousand nine hundred and ninety-four dollars and sixty-two cents (\$292,994.62); that prior to December 15, 1887, the said railway company overcharged the Construction Company the further sum of seven thousand nine hundred and ninety-nine dollars and forty-nine cents (\$7,999.49) on material for the construction of the Pueblo & State Line railroad. The total amount for overcharge of freights being three hundred and eighteen thousand seven hundred and sixty-three dollars and fifty-six cents (\$318,763.56), the same being upon interstate shipments.

"(38.) That upon demand of the defendant the Missouri Pacific Railway Company, the treasurer of the Fitzgerald & Mallory Construction Company paid over to the said railway company the full amount of said overcharge for freights from the funds of the Construction Company; that said payments were made by the treasurer without authority, and the acts of the said treasurer in making said payments have never been ratified by the Construction Company, and the said Construction Company is entitled to recover the same from said railway company.

"(39.) That the said overcharges were based, for the most part, upon a commercial tariff rate of three cents per ton per mile; that said rate was unreasonable and unfair."

The finding that there was given by the Missouri Pacific Railway Company to the Construction Company a rate of three-fourths of a cent per ton per mile on material for all distances where the transportation was for more than 200 miles was supported by sufficient evidence. It might admit of doubt whether the conversation between Jay Gould and Mr. Mallory was of sufficient definiteness, and of

itself competent to establish the existence of such a rate. This rate, however, as sufficient evidence shows, was acted upon by the parties from the first until April 5, 1887. Under these circumstances, the trial court was justified in acting upon the understanding of the parties to these transactions. (*School District v. Estes*, 13 Neb., 52; *Harbach v. Miller*, 14 Neb., 9; *Rathbun v. McConnell*, 27 Neb., 239; *District of Columbia v. Gallagher*, 124 U. S., 510.) The Construction Company is, therefore, entitled to repayment, with interest, of the sum of \$17,769.45 on account of overcharges for transportation of material previous to April 5, 1887.

On the last date named the act of congress entitled "An act to regulate commerce," approved February 4, 1887, took effect. For overcharges on account of exacting payment for transportation of material at the rate of three cents per ton per mile after April 5, 1887, instead of at the rate of three-fourths of a cent per ton per mile, the trial court found the Missouri Pacific Railway Company liable to the Construction Company in the sum of \$300,994.11, notwithstanding the provisions of the above mentioned act of congress. There was a finding of the trial court that the last named overcharges were based for the most part upon a commercial tariff rate of three cents per ton per mile, and that said rate was unreasonable and unfair. Assuming that these conclusions were justified by the evidence, we are confronted with the proposition that these overcharges cannot be recovered because of the existence of the act of congress above referred to. Section 1 of the act in question defined what corporations, etc., were subject to its terms, within which definition is clearly included the Missouri Pacific Railway Company, and the class of transportation now under consideration. Section 2 is in the following language: "That if any common carrier subject to the provisions of this act shall, directly or indirectly, by any special rate, rebate, drawback, or other device, charge,

demand, collect, or receive from any person or persons a greater or less compensation for any service rendered, or to be rendered, in the transportation of passengers or property, subject to the provisions of this act, than it charges, demands, collects, or receives from any other person or persons for doing for him or them a like and contemporaneous service in the transportation of a like kind of traffic under substantially similar circumstances and conditions, such common carrier shall be deemed guilty of unjust discrimination, which is hereby prohibited and declared to be unlawful." There was published and sufficiently promulgated the following notice on March 14, 1887:

**"THE MISSOURI PACIFIC RAILWAY COMPANY.—LEASED
AND OPERATED LINES.**

"Circular No. A 1.

"ST. LOUIS, March 14, 1887.

"To Agents, Shippers, and Connections: Notice is hereby given that all special rates or contracts providing for the transportation of any character of freight over any portion of this company's road, or its owned, controlled, leased, or operated lines, unless sooner terminating, will be void on and after April 1, 1887. All existing junction tariffs, division sheets, and special rates applying on interstate freight interchanged with connecting lines will be discontinued on that date. New tariffs will be issued on April 1, 1887, to apply on shipments between interstate points located on these roads, and arrangements with connecting lines for the continuance of interchange of shipments upon agreed through rates and divisions will be taken up and adjusted at the earliest practicable date. After April 1, 1887, agents will not, under any circumstances, issue through bills of lading for freight destined to interstate points located upon connecting lines, unless they have joint through rates, effective on and after the date above named. Station masters will post a copy of this notice in a con-

Fitzgerald v. Fitzgerald & Mallory Construction Co.

spicuous place at their stations, and also furnish a copy to all parties interested.

OSCAR G. MURRAY,

"Frt. Traffic Mgr."

"Approved: W. H. NEWMAN,

"General Traffic Mgr."

After the interstate commerce act went into effect there was charged for the transportation of the Construction Company's material a freight rate of three cents per ton per mile, and the Construction Company was requested and required to pay this rate in the same manner as payments had before April 5, 1887, been customary with respect to the rate prevailing between these parties. In all the evidence introduced upon this subject the rate of three-fourths of a cent per ton per mile is spoken of as a special rate applicable to material to be used in the construction referred to. This rate of three-fourths of a cent per ton per mile was, therefore, within the terms of the notice above set out, and of which it cannot be claimed there was not full notice. By section 6 of the act of congress under consideration (as said section stood until 1889, in which interim it is alleged were collected the overcharges complained of) it was provided: "That every common carrier subject to the provisions of this act shall print, and keep for public inspection, schedules showing the rates and fares and charges for the transportation of passengers and property which any such common carrier has established and which are in force at the time upon its railroad, as defined by the first section of this act. The schedules printed as aforesaid by any such common carrier shall plainly state the places upon its railroad between which property and passengers will be carried, and shall contain the classification of freight in force upon such railroad, and shall also state separately the terminal charges and any rules or regulations which in anywise change, affect, or determine any part or the aggregate of such aforesaid rates and fares and charges. Such schedule shall be plainly printed in large type, of at least the size

of ordinary pica, and copies for the use of the public shall be kept in every depot or station upon any such railroad, in such places and in such form that they can be conveniently inspected." It is further provided in said section 6: "And when any such common carrier shall have established and published its rates, fares, and charges, in compliance with the provisions of this section, it shall be unlawful for such common carrier to charge, demand, collect, or receive from any person or persons a greater or less compensation for the transportation of passengers or property, or for any services in connection therewith, than is specified in such published schedule of rates, fares, and charges as may at the time be in force. Every common carrier, subject to the provisions of this act, shall file with the commission, hereinafter provided for, copies of its schedules of rates, fares, and charges which have been established and published in compliance with the requirements of this section, and shall promptly notify said commission of all changes made in the same." The complaint of plaintiff seems to be that the tariff schedules were not brought to the notice of the officers of the Construction Company. It is not claimed that there was any lack of knowledge of the notice abrogating all special rates, which, as before remarked, covered the rate contended for. This special rate having been canceled by this order, it was clearly the duty of the officers of the Construction Company to apply at some place designated by section 6 of said act as a repository for the schedules therein provided if such officers desired information as to the rates embodied in the schedules. There is no showing, and there can be entertained no presumption, that inquiry at the proper place would not have secured an examination of schedules of rates kept for public inspection as required by law. A claim for equitable relief can hardly be predicated upon a technicality so narrow or a presumption so violent as this. That the act to regulate commerce was, in this respect, sufficiently complied with,

seems clearly established upon the undisputed evidence in this case; and accepting that the conclusion as fixed, attention will be devoted to another question which incidentally arises. This question is, whether or not the act to regulate commerce abrogated existing special rates based upon that contract.

In *Southern Wire Co. v. St. Louis Bridge & Tunnel R. Co.*, 38 Mo. App., on page 191, the language of Thompson, J., delivering the opinion of the court, is as follows: "But it is argued that the statute, not being retroactive in its terms, is to be construed as prospective only, and as not having the effect of abrogating existing contracts in conflict with its prohibitions. We do not, of course, question the general principle that courts uniformly refuse to give to statutes a retrospective operation whereby rights previously vested are injuriously affected, unless compelled to do so by language so clear and positive as to leave no room for doubt that such was the intention of the legislature. This principle has been affirmed so often by the supreme court of the United States that it must be conceded to be a well settled principle to be applied in the interpretation of federal statutes. (*Chew Heong v. United States*, 112 U. S., 536, 559; *United States v. Heth*, 3 Cranch [U. S.], 398, 413; *Murray v. Gibson*, 15 How. [U. S.], 421, 423; *McEwen v. Den*, 24 How. [U. S.], 242, 244; *Harvey v. Tyler*, 2 Wall. [U. S.], 328, 347; *Sohn v. Waterson*, 17 Wall. [U. S.], 596, 599; *Twenty Per Cent Cases*, 20 Wall. [U. S.], 179, 187.) It is possibly of more peculiar application in the interpretation of federal than of state statutes, since no prohibition rests upon congress from passing laws impairing the obligation of contracts, such as the federal constitution imposes upon the legislatures of the states. But notwithstanding this, we are clear of all doubt that it was the purpose of congress, in enacting this statute, to put an end to all existing contracts and arrangements, producing unjust discrimination among shippers upon interstate rail-

ways. It is a most important general police regulation, designed to prohibit and suppress great abuses which had sprung up among interstate public carriers, whereby preferences were given to wealthy and favored shippers, which had the effect of driving out of business and destroying those who were not thus favored. It would greatly impair its effect to hold that it does not operate to abrogate existing contracts which are opposed to its prohibitions. Such a holding would open the door to fraudulent evasions of it by the making of contracts creating unjust discriminations and antedating them so as to place them seemingly beyond its reach."

The supreme court of Montana in *Bullard v. Northern P. R. Co.*, reported in 45 Am. & Eng. R. Cas., made use of the following language, which will be found on pages 244, 245 of the volume just named: "If the contract mentioned in the complaint has been fulfilled, it is plain that, after the act of congress became effective, and during the period specified in the pleadings, there would have been a discrimination in favor of the respondent by the appellant in the sum of \$590.95 on account of the transportation of his goods. In other words, the patrons of the Northern Pacific Railroad Company, who had no special agreement, would pay this amount for the same service in excess of what would be demanded of the respondent. It has been adjudged in many cases that when these circumstances arise, the contract, which was entered into by the parties in this action, is contrary to public policy, and cannot be enforced. (*Messenger v. Pennsylvania R. Co.*, 36 N. J. Law, 407, affirmed 37 N. J. Law, 531; *Schofield v. Lake Shore & M. C. R. Co.*, 43 O. St., 571, 23 Am. & Eng. R. Cas., 612; *Christie v. Missouri P. R. Co.*, 94 Mo., 453, 32 Am. & Eng. R. Cas., 413; *Chicago & A. R. Co. v. People*, 67 Ill., 11; *Indianapolis, D. & S. R. Co. v. Ercin*, 118 Ill., 250, 27 Am. & Eng. R. Cas., 8.)"

In *Fitzgerald v. Grand Trunk R. Co.*, 22 Atl. Rep.,

on page 77 *et seq.*, is found the following language of Powers, J., delivering the opinion of the supreme court of Vermont: "In this case it is to be noted that the contract called for a transportation of the lumber through three states; such carriage, therefore, is commerce between the states within the meaning of article 1, section 8, of the federal constitution. Such commerce is solely regulated by congress, and when parties make contracts to engage in interstate commerce, they are held to do so on the basis and with the understanding that changes in the law applicable to their contracts may be made. There can, in the nature of things, be no vested right in an existing law which precludes its change or appeal, nor vested right in the omission to legislate upon a particular subject which exempts a contract from the effect of subsequent legislation upon its subject-matter by competent legislative authority. (Cooley, Const. Lim., 284, 574; *Thorpe v. Rutland & B. R. Co.*, 27 Vt., 140; *Ogden v. Saunders*, 12 Wheat. [U. S.], 214; *State v. Holmes*, 38 N. H., 225.) The power to regulate commerce between the states is one given expressly in the constitution to congress. The interstate act was called into being by reason of the making of contracts like the one at bar. Unjust discrimination was one of the chief evils in transportation which congress attempted to end by this act, and we see no reason why the act could not as properly put an end to a contract already working the mischief as to prohibit the making of one in the future. The case then comes to this: The plaintiffs seek to enforce a contract which is prohibited by law. The doctrine is elementary that whenever the plaintiff is compelled, in order to make out his case, to show the illegal contract, he cannot recover."

The following language of Judge Cooley is reported in *Kentucky & Indiana Bridge Co. v. Louisville & N. R. Co.*, 34 Am. & Eng. R. Cas., on page 653: "The slightest examination of the act to regulate commerce will make it

evident that congress has not undertaken thereby to meddle with contracts or to affect them in any way except as they may incidentally be affected by the rules it lays down and the regulations it prescribes. Those rules and regulations are in the nature of police laws. They are prescribed that facilities created for the public benefit may not be abused, that right may be done and public conveniences of a certain class made as useful as possible. It is not one of the purposes of congress that contracts shall be abrogated, much less that the obligation of this particular contract now brought to our attention, and which the act in no way refers to, shall in any particular be impaired or interfered with. But the act to regulate commerce is a general law, and contracts are always liable to be more or less affected by general laws, even when in no way referred to. This is the case with state laws as well as with federal. There probably was never an act passed in restraint of the sale of intoxicating drinks which did not affect some contracts and render their literal enforcement impossible. The same may be said of the federal revenue laws. Nothing is more likely than that a considerable change in customs, regulations, or custom duties, or in the provisions made for enforcement of excise laws will deprive some party of a right he supposed he had secured by contract. But this incidental effect of the general law is not understood to make it a law impairing the obligation of contracts. It is a necessary effect of any considerable change in the public laws. If the legislature had no power to alter its police laws when contracts would be affected, then the most important and valuable reforms might be precluded by the simple device of entering into contracts for the purpose. No doctrine to that effect would be even plausible, much less sound and tenable."

We have been cited to no case in conflict with the views expressed in the opinions from which liberal quotations have just been made. The conclusions arrived at and the

reasons given are indorsed by all the authorities of which we have any knowledge or of which any citation has been made; and of the latter class, there are a great number which it has been deemed inexpedient to embrace within the limits of this discussion. It follows, therefore, both upon authority and principle, that the contract for the special rate of three-fourths of a cent per ton per mile cannot be held to obtain unimpaired by the act of congress entitled "An act to regulate commerce," much less can it be tolerated that the enforcement of that rate should be made the basis of recovery of amounts paid in excess thereof, but which were charged and collected upon the tariff rate of the Missouri Pacific Railway Company.

Some stress seems to have been laid upon the finding that the rate of three cents per ton per mile was unreasonable and unfair. Section 9 of the act to regulate commerce is as follows: "That any person or persons claiming to be damaged by any common carrier subject to the provisions of this act may either make complaint to the commission, as hereinafter provided for, or may bring suit in his or their own behalf for the recovery of the damages for which such common carrier may be liable under the provisions of this act, in any district or circuit court of the United States of competent jurisdiction; but such person or persons shall not have the right to pursue both of said remedies, and must in each case elect which one of the two methods of procedure herein provided for he or they will adopt. In any such action brought for the recovery of damages the court before which the same shall be pending may compel any director, officer, receiver, trustee, or agent of the corporation or company defendant in such suit to attend, appear, and testify in such case, and may compel the production of the books and papers of such corporation or company party to any such suit; the claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but

such evidence or testimony shall not be used against such person on the trial of any criminal proceeding." It will be observed that this section provides that application may be made for the redress of grievances either to the interstate commission provided for in the act, or to any district or circuit court of the United States of competent jurisdiction. There is no provision in the act which authorizes suit to be commenced in the state courts, as was provided in the act for the recovery of the penalty for the exaction of usury by national banks. Even under this act last referred to, which provided specially that such jurisdiction might be exercised by state courts, it was strenuously insisted, and by some courts even held in the teeth of the language of the act itself, that the jurisdiction to enforce the provisions of that act was, from the nature of the case, limited to the federal courts alone. It would seem, from an examination of the "Act to regulate commerce," that as to the particular form of grievance alleged in this action congress has provided a commission, to which application should have been made, after April 5, 1887, for the adjustment of rates, if, as found by the courts, those exacted from the Construction Company were unreasonable and unfair; or the aggrieved party might sue, in a district court of the United States having jurisdiction, for damages occasioned by such unfair exaction.

The view which we take as to the federal jurisdiction, being exclusive in regard to the matter now under consideration, is not without the support of very respectable authorities.

In *Copp v. Louisville & N. R. Co.*, the supreme court of the state of Louisiana, in 46 Am. & Eng. R. Cas., employed the following language, which is found on page 634: "In the instant case the right asserted by the plaintiff is claimed under an act of congress, which specifies the remedy for its enforcement. This circumstance suffices to evidence that congress saw fit to give the federal courts ex-

clusive jurisdiction. The motive which induced such legislation may have been, and no doubt is, to create one entire and complete system and provide for the necessary uniform machinery to make it effective on an important and vital subject of national interest. (See further, Sutherland, Stat. Const., sec. 399; *Dudley v. Mayhew*, 3 N. Y., 9; *The Moses Taylor*, 4 Wall. [U. S.], 429; *Martin v. Hunter*, 1 Wheat. [U. S.], 334; *Ex parte McNiel*, 13 Wall. [U. S.], 236.)"

In *Coze Brothers v. Lehigh Valley R. Co.*, 4 Interstate Commerce Commission Reports, on page 578, is found the following language: "The act to regulate commerce, which declares every unjust and unreasonable charge to be unlawful, and requires its provisions to be enforced by the commission, confers the power to determine, and imposes on the commission the duty of determining, what are the reasonable rates which the charges may not exceed, as well as what are unreasonable."

In *Swift v. Philadelphia & R. R. Co.*, 58 Fed. Rep., 858, and in three other cases of the same nature submitted at the same time in the circuit court of the United States for the northern district of Illinois, in an opinion filed November 28, 1893, Grosscup, J., said: "The courts of the United States have had many occasions to enforce the common law, but in every instance it has been as the municipal law of the state by which the subject-matter was affected. Outside of the interstate commerce act there is no enactment of congress and no self-operating provision of the federal constitution which expressly or by implication evidences a command or purpose to interfere with the freedom of interstate commerce or lay any restraint upon the rights of carriers or shippers engaged therein. (*Welton v. State of Missouri*, 91 U. S., 282; *Brown v. Huston*, 114 U. S., 822.) The question then arises, is the municipal law of the state applicable to the transaction set forth in the declaration? Is the act or contract of the carrier who ac-

cepts goods for carriage from one state into another subject to that particular provision of the municipal law of the several states where the goods are taken, or through which they are conveyed, which prohibits the exaction of unreasonable rates? There can be no doubt that to congress is given, by the constitution, the absolute power to regulate commerce between the states. This power, independently of legislation, is not necessarily exclusive of the right of the states to reasonably regulate such incidents of interstate commerce lying within their respective jurisdictions, as wharves, pilots, harbors, roads, bridges, etc. A wharf, harbor, or bridge lying within a state is a tangible entity over which the laws of the state extend. The cost of their creation and the expenses of their maintenance make the imposition of tolls and charges not only reasonable but necessary. These must be enforced by, and subject to, some law, and in the absence of congressional legislation there is no law except that of the state. The application of the state law in such cases is not inconsistent with the general power conferred upon congress, and does not introduce into commerce between the states either confusion or restraint. Such regulations may exist harmoniously with regulations imposed by other states upon wharves, harbors, and bridges within their territorial limits. But the fixing of a rate for the carriage of goods from one state to another is not simply an incident of, or appurtenance to, commerce, but is the very core and essence of interstate commerce. It is not a physical entity within the limits of a state, and it cannot be subject to regulation in one state without coming into interference with the equally rightful regulations of other states, and thus producing hopeless contradiction and confusion. How can Illinois determine what is a reasonable charge for carriage across Indiana, Ohio, or Pennsylvania? The reasonableness of such rate depends, among other things, upon the cost of construction and wages paid beyond her

jurisdiction; the amount of capitalization allowed, and taxes and assessments exacted by other jurisdictions; the terms of contracts for the interchange of freight between carriers made and allowed under the laws of other states, and the amount of traffic carried which may, in turn, be affected by the laws of the other states governing the acquisition of or consolidation with other lines. These and many others are the elements of the cost of carriage, and before the reasonableness of a rate can be determined, the cost must be ascertained. The reasonableness of rates for such long distances and over different methods of conveyance can only be approximately ascertained at best by men of special learning and equipment in such matters. Is it possible that the constitution contemplates that such learning can be found in the courts and juries of every county traversed by a line one thousand miles long? I am of the opinion that a rate for the carriage of interstate commerce, dependent, as it is, for its reasonableness upon so many different considerations of expenditure, business, and interpretations of the laws of different states, is essentially a national affair, and its regulation is, therefore, exclusively national. The rate of carriage is the heart pulse of commerce, and can be subject safely to a single source of restraint only; many restraints themselves, entirely different and inconsistent with each other, would destroy the very possibility of uniformity or fixedness of rates. It follows, therefore, that, in my opinion, the local municipal law of the several states is not applicable to the reasonableness of these rates, and cannot be appealed to as a basis for suits such as these." In the latter part of this opinion, Grosscup, J., said: "The right to question the reasonableness of an interstate commerce rate is a matter of primary as well as of exclusive jurisdiction in the federal courts. It does not reside in the jurisdiction of the state courts, or of the federal courts acquired by the fact of diverse citizenship." This decision was upon the question of the right of

removal from a state to a federal court, it is true, as indicated in the sentence last quoted, but the principles enunciated are fairly applicable to the question which we have under consideration. Upon the general principle which we have been discussing, the language of COBB, J., as found in *Keith v. Tilford*, 12 Neb., on page 273, is as follows: "There can be no doubt of the correctness of the proposition to which plaintiffs in error cite numerous authorities, that where the statute confers a right and prescribes adequate means of protecting it, the proprietor of the right is confined to the statutory remedy." (See, also, *Tecumseh Town Site Case*, 3 Neb., 284, and *Richards v. Commissioners, Clay County*, 40 Neb., 45, and cases therein cited.) It necessarily follows that the interstate commerce act required the abrogation of all special rates by railroads affected by its provisions, and that though the uniform rate put in operation by the railroad company under stress of the act to regulate commerce may be unreasonable and unfair, yet that the federal authorities named in the act itself have exclusive jurisdiction to inquire into and redress grievances on that score. We are, therefore, constrained to disallow the item of overcharges, for the repayment of which subsequent to April 5, 1887, the trial court found the Missouri Pacific Railway Company liable.

16. The trial court found that the Missouri Pacific Railway Company had paid out for right of way necessary for the construction of the railroads contemplated by the contracts hereinbefore referred to, the sum of \$58,758.39 before this suit was begun, and \$6,601.91 since, and that the defendant was entitled to recover that sum from the Construction Company. As between the Construction Company and the Denver, Memphis & Atlantic Railroad Company, as well as between the Construction Company and the other roads of which the building was undertaken by the Construction Company, the contract required in each case that the Construction Company should pay for

the necessary right of way. There exists neither in the evidence nor in the pleadings any grounds proved or alleged for shifting this payment for the right of way so that the Missouri Pacific Railway Company should be liable for it, and as the last named railway company has been compelled to pay the above amounts, it is entitled to a reimbursement thereof with interest.

The last item allowed by the trial court was of interest at the rate of six per centum per annum on the sums found due respectively. Section 2, chapter 44, Compiled Statutes, provides: "Interest upon the loan or forbearance of money, goods, or things in action shall be at the rate of seven dollars per year upon one hundred dollars, unless a greater rate, not exceeding ten per cent per annum, be contracted for by the parties." Clearly in this state the rate upon such items as we have considered should be reckoned at the rate of seven per cent per annum from the date that each cause of action arose. There might be such controlling facts that resort would be had to the laws of another state to determine what rate of interest should be allowed between the parties. No showing has been made, however, as to such facts; neither has there been submitted any evidence of a different rate of interest from that of Nebraska prevailing elsewhere. We must, therefore, presume that the laws of other states are the same as our own. (*Ruth v. Lowrey*, 10 Neb., 260; *Lord v. State*, 17 Neb., 526.) Interest upon the several items found due will, therefore, be reckoned from the commencement of this action, for want of a more satisfactory basis, at the rate of seven per cent per annum.

It is unnecessary to note in detail the several items as to which there is no controversy between the parties; these will, therefore, be accepted as fully established. There is due on account of these items, and based upon the several matters which have been discussed at length, as between the Fitzgerald & Mallory Construction Company and the

Missouri Pacific Railway Company, the amounts herein-after set forth.

From the Missouri Pacific Railway Company to the Construction Company aforesaid there is found due the following items:

For refund of passenger fares.....	\$4,538 51
For labor.....	93 50
For material furnished.....	11,396 75
For water furnished	3 00
For coal furnished.....	11 00
For rails and ties furnished	7,098 17
Engine supplies.....	536 69
Labor and material (account bridges).....	1,194 57
Taxes	1 00
Mail service.....	1,055 41
Construction Verdigris Valley R. R.....	36,869 01
Construction Winfield, Texas & Gulf R. R..	18,028 84
Overcharges on merchandise	1 66
Equipment purchased (cars and engines)....	132,735 03
Overcharges on material (Horace).....	163 72
Miscellaneous items.....	12,988 87
Overcharges on freight prior to April 1, 1887.....	17,769 45
Interest paid Jay Gould, Cr. September 1, 1887.....	62,500 00
Additional stall roundhouse, Chivington....	1,000 00
Extra grading at Chivington.....	6,000 00
Material at Chivington, October, 1888.....	16,241 16
Material at Chivington since November, 1888.....	19,680 00
Material at Chivington, tax sale.....	16,910 59
Ten per cent discount on \$5,000,000.....	500,000 00
Reduction of \$1,000 per mile on 36 miles...	36,000 00
Miscellaneous material at Chivington.....	5,000 00
Telegraph line.....	25,703 03
Extra ties on D., M. & A.....	23,192 07

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Stock yards and pens.....	\$11,800 00
Fencing, Chetopa & Conway Springs division.....	1,522 98
Turn-tables, Conway Springs division.....	4,522 01
Extra nut-locks, D., M. & A.....	2,223 92
Interest to December 24, 1893, 7 per cent...	341,873 33

Total.....\$1,318,654 27

There is due the Missouri Pacific Railway Company from the Fitzgerald & Mallory Construction Company:

For freight charges.....	\$28,766 17
Tickets furnished	881 54
Water furnished	45 50
Taxes paid.....	1,021 38
Coal furnished.....	3,197 38
Cars destroyed.. ..	334 63
Cars repaired.....	1,117 49
Rent of cars	20 00
Cross-ties furnished.....	110,776 49
Overcharges on freight transported.....	413 07
Labor and material furnished.....	1,921 76
Recording deeds	13 80
Judgment and cost of right of way prior to suit.....	58,758 39
Paid T. J. Prosser & Co.....	26,766 39
Loss and damage on shipments	47 13
Stoves, etc.....	113 59
Bridge materials furnished.....	186 00
Labor and material (account bridges).....	23,673 00
Drawbacks (overcharge and shortage).....	839 59
Expenses paid on right of way.....	5,521 05
Paid M. S. Carter & Co.....	513 90
Paid J. B. Colt & Son.....	18,830 31
Paid T. J. Hillard	13,106 44
Cash, Russell Sage, December 28, 1887	10,000 00
Cash, Jay Gould, December 28, 1887	20,000 00

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Cash, George Gould, January 23, 1888.....	\$10,000 00
Cash, A. H. Calef, January 25, 1888.....	20,000 00
Paid taxes at Chivington tax sale.....	3,050 40
For right of way since suit.....	6,601 91
September 22, 1887, overpayment on bonds,	43,640 00
Interest to December 24, 1893, at 7 per cent,	143,554 88
Total	\$553,712 19

On the 24th day of December, 1893, there was due upon an accounting between the parties named a balance of seven hundred and sixty-four thousand nine hundred and forty-two dollars and eight cents (\$764,942.08), the difference between the above totals, from the Missouri Pacific Railway Company to the Fitzgerald & Mallory Construction Company, on which sum, from the date last mentioned, interest is to be computed at the rate of seven per cent per annum, and judgment in this court shall accordingly be rendered as of the date of the filing of this opinion, such judgment, when rendered, to draw interest at the same rate.

It is further ordered, that upon the rendition of judgment, as aforesaid, this cause be remanded to the district court of Lancaster county, Nebraska, with instructions to that court to enforce the collection of such judgment; and that upon its collection a receiver be appointed by said district court, who shall be authorized to collect, receipt for, and pay out the proceeds of the judgment above provided for (also, such other assets of said Construction Company as may be within the jurisdiction of said court), under such regulations, rules, and proceedings as by said district court shall be judged equitable and proper.

The judgment of the district court is reversed and a judgment in favor of the Fitzgerald & Mallory Construction Company against the Missouri Pacific Railway Company is directed.

JUDGMENT ACCORDINGLY.

RAGAN and IRVINE, CC., dissenting.

We cannot concur in the conclusion adopted by the court. In our opinion the judgment should be very different, and for reasons which we shall proceed to state.

The Denver, Memphis & Atlantic Railroad Company (hereinafter referred to as the "Denver Company") was incorporated in Kansas for the purpose of constructing a railroad from Denver to Memphis, extending through the state of Kansas. This company made a contract with the plaintiff and S. H. Mallory for the construction of a portion of its road. The terms of the contract are not material to this case. Fitzgerald & Mallory proceeded under the contract to the extent of grading about sixty miles of the road-bed, when funds seem to have been exhausted, and it became necessary to adopt some new plan of construction. Mr. Mallory and an officer of the Denver Company proceeded to New York for the purpose of interesting some large railroad company in the enterprise. Negotiations were begun with the officers of the Missouri Pacific Railway Company, chiefly with Mr. Jay Gould, its president; Mr. Fitzgerald also being in New York and taking part in the negotiations in some of their stages. As a result of these negotiations it was agreed between certain officers of the Missouri Pacific and Messrs. Fitzgerald & Mallory that a construction company should be incorporated, the stock of which should be taken by Messrs. Fitzgerald & Mallory, and certain other persons, most of whom were interested in the Missouri Pacific. Accordingly the Fitzgerald & Mallory Construction Company (hereinafter referred to as the "Construction Company") was incorporated under the laws of the state of Iowa, the expressed object of the corporation being the construction of railroads by contract, and the operation thereof, mining for coal or other minerals, quarrying stone and other materials. It does not seem to have ever been contemplated that the

Construction Company should do a general business, but merely that it should construct the Denver road and other roads in connection therewith. This Construction Company had a board of five directors, composed of Mr. Fitzgerald, Mr. Mallory, and three other gentlemen closely associated in business with the two named, and presumably friendly to their interests. The capital stock of this company was at first one million dollars, but was afterwards increased to one million and a half. Of this Mr. Fitzgerald and Mr. Mallory never owned more than one-fifth; almost all of the remainder being taken by persons who were directors of the Missouri Pacific. Upon April 26, 1886, soon after the Construction Company was incorporated, a contract was entered into between the Denver Company and the Construction Company whereby the Construction Company agreed to furnish materials and money and to construct the Denver Company's road. In consideration thereof the Denver Company agreed to pay the Construction Company its stock and all its bonds, being \$16,000 per mile of each, at such times and in such settlements as the Construction Company might require. The Denver Company also agreed to deliver to the Construction Company all municipal and county bonds and all donations that might be voted to the Denver Company and to procure the right of way, but the Construction Company was to pay therefor. Upon the completion of the road the Construction Company was to equip it with at least \$1,000 per mile of rolling stock. The road was to be built as it might be thereafter located, properly graded according to the engineer's survey, furnished with oak ties, on curves not less than 2,600 to the mile, and steel rails not less than fifty-six pounds to the yard. There were also to be such depots and stations as the Denver Company might determine, all necessary siding and turn-outs, and the road generally was to be constructed "equal to the roads now being built in southern Kansas." The foregoing states the substance of the whole contract.

Upon May 4, 1886, a contract was entered into between the Construction Company and the Missouri Pacific referring to that between the Construction Company and the Denver Company and making it a part of the new agreement, and reciting further that the Missouri Pacific "is desirous of obtaining control of the said line of road." The agreement then follows that the Construction Company shall sell to the Missouri Pacific all of the securities to be received from the Denver Company, less the amount of stock given for municipal and county aid, estimated at \$3,500 per mile, and receive in payment for the same \$12,000 per mile of Missouri Pacific five per cent bonds, to be secured by a deposit of the Denver securities with a trustee. The Construction Company also agreed that the railroad should be of standard gauge, of not less than fifty-six pound steel rails, 2,600 ties to the mile, stations not more than eight miles apart, water stations not more than twenty miles apart, and that the road should be equal in its general character "to the roads now being constructed by the Missouri Pacific Railway Company in the state of Kansas, all to be subject to the approval of the chief engineer" of the Missouri Pacific. An addendum to the contract provides for the payment of these securities upon both sides upon the completion of the road in ten-mile sections, and for the transportation of men and materials by the Missouri Pacific, at the actual cost, over such portions of the road as might be turned over to the Missouri Pacific during the period of construction. Afterwards, the provision for settlements as ten-mile sections were completed was waived by the parties, as was also the requirement that the Construction Company should equip the road. This last waiver was through an arrangement between the Construction Company and the Missouri Pacific whereby the Construction Company was to omit the equipment and receive \$11,000 instead of \$12,000 per mile of Missouri Pacific bonds. The Denver Company was

not a party to this last transaction and there was no rebate made in payments by the Denver Company to the Construction Company on that account. Upon May 11 the board of directors of the Construction Company approved both these contracts and one of its directors resigned and Mr. Russell Sage, a director of the Missouri Pacific, was elected to take his place. Upon November 3 two other directors resigned and Mr. George Gould and Mr. Richard Cross were elected in their stead. Mr. George Gould was then assistant to the president of the Missouri Pacific, and the following year became acting president thereof. Mr. Cross was a member of the banking house of Morton, Bliss & Co. The trial court found that he was directly or indirectly interested in the Missouri Pacific, but we find no evidence in the record to sustain that finding. It does not appear that either he or his firm was so interested, but it does very clearly appear from the evidence that upon every occasion when there was a difference of opinion among the directors Mr. Cross acted with Mr. Gould and Mr. Sage and against Mr. Fitzgerald and Mr. Mallory. It may be well to state here that the directory of the Denver Company was at first composed of men whose business and personal relations, and whose conduct as directors indicate that they were friendly to the interests of Mr. Fitzgerald and Mr. Mallory, but as soon as the Missouri Pacific had, by virtue of the contracts referred to, obtained an instalment of stock in the Denver Company, a meeting of that company was held and a board of directors elected, a majority of whom were closely connected with the Missouri Pacific. Under these contracts there was eventually constructed a line of railroad from Chetopa, near the southeastern corner of Kansas, in a generally northwesterly course to Larned, on the Arkansas river, and another line from McCracken, a short distance west of the center of the state, in an almost westerly course to the Colorado line. There was also constructed, under contracts substantially similar to those already set

forth, a line of railroad known as the Kansas & South-western, about twenty-five miles in length, and under still another contract about two miles of road known as the Winfield, Texas & Gulf. No controversy arises out of the construction of the last named road and the Construction Company's compensation therefor appears in the account below as an admitted item. During the progress of the work in Kansas a company known as the Pueblo & State Line Company was incorporated under the laws of the state of Colorado. This company will be hereinafter referred to as the "Pueblo Company." It seems to have been incorporated in the interest of the Missouri Pacific and by officers of that company. Upon August 16, 1887, the Pueblo Company entered into a contract with the Construction Company for the construction of a line of road from Pueblo easterly to a connection with the Denver road, and upon the same day the Missouri Pacific contracted with the Construction Company for the purchase of the stock and bonds of the Pueblo road and payment therefor in Missouri Pacific bonds. These contracts were very similar to those relating to the Denver road. They were somewhat more specific in their provisions, contained no requirement for equipping the road, and provided for bonds upon the Pueblo road at \$15,000 per mile and stock at \$10,000 per mile, for which stock and bonds the Missouri Pacific agreed to give \$12,000 per mile of its five per cent bonds. This line of road was built by the Construction Company. Controversies having arisen out of various transactions under the foregoing contracts, or connected therewith, this action was brought by Fitzgerald, for himself and all the other stockholders of the Construction Company, for an accounting between the Construction Company and the Missouri Pacific.

The fundamental principle to be observed should be the discovery of the real nature, purposes, and results of these transactions and proceedings. Upon their face the con-

tracts appear to be grouped as follows: One class between railroad companies and the Construction Company, contemplating the construction of lines of railroad and the payment therefor in stock and bonds, a transaction reasonable and legitimate in its nature when unaccompanied by elements of fraud. Second, another series of contracts between the Construction Company and the Missouri Pacific, whereby the Construction Company sells the stock and bonds so obtained and receives in exchange bonds of the Missouri Pacific. This also seems upon its face to be a legitimate and reasonable transaction. It is the duty of a court, especially in the exercise of its equitable powers, to look behind the form of contracts and transactions and reach their substance. When an effort is made to do so in this case, an entirely new light is thrown upon the whole enterprise, and facts are disclosed which, in our opinion, call upon the court to apply to the case a fundamental and familiar maxim of the law which should dispose of the whole controversy, at least so far as the interposition of courts is concerned.

Examining the contracts and proceedings thereunder in this light, the following observations are made: (1.) The originally contracting railroad companies were scarcely more than paper concerns, without property, without *bona fide* stock, without financial responsibility, without any responsibility except to the sovereign power of the states creating them. (2.) The Construction Company, out of its board of five directors, at all times had at least two members of the directory of the Missouri Pacific, and for a third member a man who at all times voted with the Missouri Pacific interests. The large majority of the stock of the Construction Company was owned by Missouri Pacific directors and stockholders. (3.) It never seems to have been contemplated that the Construction Company should do a general business, but its organization and operation was a device to assist in the construction of these

particular lines of railroad. (4.) The plain, and indeed the express, object of the Missouri Pacific in contracting with the Construction Company was to obtain control of the railroads so to be constructed by the acquisition of all their stock and all their bonds. (5.) It is just as plainly inferable that the accomplishment of this object was one motive which led the Missouri Pacific stockholders and directors to subscribe to the stock of the Construction Company. (6.) The control so obtained of the original corporations enabled the Missouri Pacific in some manner to arrange with those companies to obtain not only a directing control of the corporations themselves, but actual possession and right to operate their tangible property as rapidly as it was brought into existence. (7.) Each one of these original companies issued capital stock and bonds vastly in excess of the cost of creating, and presumably of the value of its property. To illustrate: The stock of the Denver Company was \$16,000 a mile, and its bonds \$16,000 a mile. The stock of the Pueblo Company was \$10,000 a mile, and its bonds \$15,000 a mile. The other companies show similar figures. The evidence is not altogether harmonious as to the cost of construction, but it may safely be said that a figure between \$10,000 and \$12,000 a mile would amply cover the whole cost of construction, including the procurement of the right of way and the purchase of material, the erection of telegraph lines, the construction of stations, side tracks, stock pens, and all other things possessed by the companies. (8.) The bonds of the Missouri Pacific with which these securities were bought were not worth at the outside estimate much more than par; in fact, they were sold by the Construction Company at ninety cents. (9.) The Missouri Pacific was careful to contract in all cases that the stock and bonds which it should receive should be issued by the original companies, except that in regard to the Kansas roads an exception was made of so much of the stock as

might be issued in payment for local aid bonds. This feature will be hereinafter referred to. (10.) The stock of these companies being delivered to the Missouri Pacific, and there being no evidence as to any future disposition thereof, it is to be presumed that the Missouri Pacific still holds it for the purpose of maintaining its "control" of the original companies. (11.) The bonds were deposited with a trustee to secure the Missouri Pacific bonds with which they and the stock were purchased, but the Missouri Pacific receives the interest thereon from time to time. (12.) While the arrangements between the Missouri Pacific and the companies so passed under its "control" do not appear from the evidence, in view of the fact that the bonds of these companies amount in their aggregate to more than the cost of the roads and that they bear six per cent interest, it is fair to presume that any sums paid to the original companies by way of rentals or otherwise in payment for the privilege of holding and operating these roads is absorbed in the payment of interest on the bonds and so pass directly back to the Missouri Pacific. If any surplus remains, it is, of course, disposed of by way of dividends to the stockholders,—that is, the Missouri Pacific,—except to the extent of stock in the Kansas roads held by the municipalities which saw fit to impose the burden of taxation upon their citizens for the purpose of aiding this enterprise. (13.) So far as the evidence shows what became of the Missouri Pacific bonds after they reached the Construction Company, it appears that nearly all of them were sold at a discount to directors of the Missouri Pacific, who were also stockholders in the Construction Company. It therefore follows that all the sources of income created by these complex arrangements have been so manipulated that the income passes either directly to the Missouri Pacific or to such of its directors as seem to control its operations and also those of the Construction Company.

From these observations and from facts upon which they

are based the following conclusions seem inevitable: The whole scheme amounted to a device of the Missouri Pacific, or those having its control, to construct certain railroads in Kansas and Colorado, issue stocks and bonds vastly in excess of the value of the property, so manipulate them that whatever earnings might accrue would pass to the Missouri Pacific or to favored stockholders therein, so that the Missouri Pacific and those stockholders should receive all possible benefits from the transaction, and at the same time assume no burdens, leaving all the financial responsibility upon the Construction Company and all the legal responsibility devolving upon a railroad company in favor of the state upon those local corporations which have been heretofore styled the original companies, and which it is perfectly fair to characterize as purely paper and fictitious concerns and irresponsible devices for the purpose of exercising the rights granted by the states and assuming the obligations imposed upon such corporations by the states, and so relieve the real projector and promoter of the scheme from all actual responsibility. The overissue of stock and bonds is in itself a serious and probably sufficient reason for characterizing the transaction as fraudulent.

The courts, wherever the subject has arisen, as well as the text-writers, have announced the general doctrine that stock certificates purporting to be paid up should be actually so, and that the issuing of stock gratuitously at a discount, or in exchange for property taken at a known and intentional overvaluation, is a fraud. The fraud has been variously characterized as one against *bona fide* stockholders, against creditors, against the corporation itself, against the public and upon the law. It is not often that a remedy exists for such a fraud, and in many of the cases the courts, while insisting that the issue of fictitious stock is a fraud, have been compelled to deny relief against it, either because the parties seeking relief were estopped, or because they were not the sufferers. This result does not, however,

render the language of the courts regarding the nature of such transactions less significant.

In *Re Ambrose Lake Tin & Copper Mining Co.*, L. R. 14, Ch. Div. [Eng.], 390, it was said in regard to such a transaction: "Whether a fraud upon which any action can be taken has been committed in this case, I am not at present prepared to say, but that a fraud was intended I have not the least doubt. The transaction has all the badges of fraud."

In *Barnes v. Brown*, 80 N. Y., 527, the court said: "The directors assuming to issue stock in that way (without consideration) would perpetrate a wrong upon the corporation and its stockholders and a fraud upon every person who took such stock as full paid stock, relying upon the appearance, and deceived thereby."

In *Lorillard v. Clyde*, 86 N. Y., 384, the court sustained the formation of a corporation whose stock was issued in payment for steamers purchased from the stockholders at an agreed valuation which was not shown to be excessive, but it was said: "If it had appeared that the organization of the corporation in this way was a device to defraud the public by putting valueless stock on the market having an apparent basis only, a different question would be presented."

Gilman, C. & S. R. Co. v. Kelly, 77 Ill., 426, was a case presenting many features like the one now before us. The court said: "In this case certificates of stock to the amount of \$1,400,000, being a majority of all the stock, have been issued without any real consideration, with the evident purpose to deprive the other stockholders of any influence in the election of directors or in the management of the affairs of the company. * * * Whatever may have been the motive, the disposition of the stock was such the directors could not rightfully make."

In *Tobey v. Robinson*, 99 Ill., 222, the court said in regard to stock issued without consideration: "Its issue was

in violation of law and in fraud of the rights of the stockholders of the Erie Company."

In *Osgood v. King*, 42 Ia., 478, it was said: "It is a gross fraud for the officers of such a corporation to issue to stockholders paid up certificates of stock in consideration of real estate conveyed at a price known and understood to be many times its real value, but such a fraud is greatly intensified when the officers of a corporation deal with themselves as stockholders and accept such a conveyance in payment of their own stock." This language is peculiarly applicable to the facts of the case under consideration.

As early as 1858 the issuance of fictitious stock was denounced by Mr. Justice McLean in *Sturges v. Stetson*, 1 Biss. [U. S.], 246, and in *Fosdick v. Sturges*, 1 Biss. [U. S.], 255, as "fraud upon law and upon the stockholders." The manner in which relief can be obtained from such a fraud is not material in this case. The only important principle is that the willful and intentional issuing of fictitious stock is unlawful. We can only surmise some of the motives which led to it in this case. One purpose on the part of the Missouri Pacific is plain enough. The trust indenture under which the Missouri Pacific bonds were issued restricted the issuance of such bonds to the amount of \$10,000 per mile of roads whose underlying bonds were pledged to secure the same, with one exception in favor of the St. Louis, Fort Scott & Wichita road, which was \$15,000 per mile. So far as the railroad companies in this controversy are concerned, \$12,000 per mile much more than covered the average cost of construction; but these Missouri Pacific bonds were given a fictitious value by the pledge of bonds having a nominal value of \$15,000 or \$16,000 per mile to secure them. The advantages from an overissue of stock and bonds are manifest to any one who has been called upon to investigate contracts of corporations, and those familiar with questions lately arising in regard to the reasonableness of rates fixed by the legisla-

ture, or by commissioners, for the carriage of freight and passengers. Such overissues are pernicious in effect and indefensible upon principle. No honest motive can be ascribed to such acts when knowingly committed. Such instruments partake of the nature of false tokens. They are the instruments of deception and fraud. They are intended to, and do usually, find their way into the hands of innocent purchasers, who ultimately find that they have parted with their money in exchange for depreciated securities whose actual value, owing to the gigantic nature of the enterprises upon which they are based and usually the remoteness of the field of operations, these purchasers were unable to investigate. They lead to corporate bankruptcy and often to the bankruptcy and distress of investors. They form at once the urgent motive and plausible excuse for excessive and unreasonable charges upon the patrons of the road in order to secure sufficient earnings to pay interest and dividends upon securities in excess of the productive capital invested. They afford a motive and an opportunity for directors—whose interests should be, as their legal and moral duty is, to conduct the operations of the road for the benefit of all its creditors and stockholders—to deviate from this duty and so act as to receive for themselves a profit, coming first from unfortunate and misguided investors and ultimately from the stockholders whose interests it was their duty to protect.

In the gradual advancement of the law of corporations the courts have been slow in appreciating the enormity of the fraudulent issue of stock and bonds. The devices first resorted to for this purpose were simple and transparent and were easily corrected. The ingenuity of promoters has since devised more subtle schemes, until we have, in this case, a fraud of this kind shielded under such a complexity of corporate creations, contracts, and transactions that it has been necessary to review the whole history of the enterprise and to brush aside the forms of contracts in

order to discover its real nature. It is said that such schemes are common, that certain states are grid-ironed with railroads constructed in pursuance thereof, and so charged with indebtedness that no earnings could be expected to meet their obligations as they accrue, without regard to the payment to stockholders of the profits which they have a right to expect from their investment. At the same time a cry goes up from certain classes of patrons that the passenger and freight charges of these railroads are exorbitant and ruinous, and a demand, which some states have seen fit to meet, has gone out for legislative action to control and reduce such charges. While investors in railroad securities declare that they receive no income, that depreciation has occurred, and that failure threatens, other classes declare, with equal vehemence, that exorbitant charges by railroads render their business unproductive. This state of affairs is largely caused by just such operations as have given rise to this lawsuit, and it is high time for the courts to enforce the same rules in regard to fraudulent practices carried on upon this gigantic scale and followed by these enormous results as they enforce with regard to the same transactions where the magnitude of the scheme and the intricacies of its details tend less to obscure the vision. The foregoing remarks apply to both the Kansas and Colorado roads, but with regard to those in Kansas there are other more direct and probably clearer reasons why this transaction should be deemed fraudulent. The law of Kansas was not directly put in evidence by production of the statutes or other usual methods of proof. It appears, however, that counties and municipalities of that state are permitted, upon vote of the electors, to issue their bonds to aid in the construction of railroads, and that they receive in exchange for such bonds capital stock of the railroad companies at par valuation. About \$1,000,000 of bonds were received by the railroad companies to aid in the construction of these roads. These bonds went

to the Construction Company. Obviously it was contemplated by the law that the stock which these bonds went to purchase should be genuine stock, but we find the property of these companies incumbered by mortgages to secure bonds in themselves greatly in excess of the cost of the roads. Then there is issued, on top of this mortgage indebtedness, stock in itself greatly in excess of such cost. The result is that these confiding municipalities have incurred obligations which have for their security the full force of the taxing power, and have received in exchange certificates of stock which are utterly worthless, so weighed down with other stock as not even to give the municipalities any effective voice in the control of the corporations, and the whole matter so manipulated in this case that the property of the corporation is turned over at once upon its creation to a different organization, in which the municipalities have no voice at all, and under such arrangements that whatever earnings might otherwise accrue to the original corporations are immediately absorbed by the other. A review of the evidence, indeed, must convince any candid reader that a chief, if not the principal, object in this enterprise, so far as the construction in Kansas was concerned, was to obtain the greatest amount possible of this local aid, with the further purpose always in view of so manipulating affairs that nothing should be given in return therefor. (See on this feature, *Gilman, C. & S. R. Co. v. Kelly*, 77 Ill., 426.) Enough has been said to demonstrate that the whole enterprise was of an unlawful character, at least so far as the Missouri Pacific and those officers who took an active part are concerned.

The question will now be asked, how does that fact affect the rights of the Construction Company? The answer is that the Construction Company was an essential part of the unlawful scheme. It was organized for the purpose of rendering the scheme feasible, and was as necessary to it as the original paper corporations themselves.

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Had the contracts been directly between these two companies and the Missouri Pacific, it is probable that they would have been *ultra vires* of the Missouri Pacific. It had the right to build railroads for itself and to purchase and lease roads, but probably not to construct roads for other companies. Then it must be kept in view that the Missouri Pacific stockholders, who were also stockholders in the Construction Company, so manipulated affairs as to reap an individual profit to themselves. They undoubtedly had this object in view from the beginning. Then in a direct transaction the Missouri Pacific would have incurred a direct financial responsibility which it was more convenient to form the Construction Company to assume. In short, the Construction Company was a mere device to assist in the unlawful enterprise. Its two stockholders who were not interested in the Missouri Pacific had full knowledge of the relations of the other stockholders to that company. They knew all the details of the scheme. They are chargeable with the knowledge of its legal result. It is not a case where a third person has innocently assisted in the accomplishment of an illegal design, but one where the party seeking relief was a party to that design. By way of illustration: If A and B concoct a scheme whereby they contract with C to do a certain work, and by virtue of that contract defraud C, or a third person, the working of that fraud being their object in making the contract, and to carry out the fraud employ men to do the work, these workmen should undoubtedly recover from A and B for their services, if they were not aware of the unlawful character of the enterprise. Possibly they might recover even if they had notice of its illegality. But if A should pay these workmen, no court would hold that he could compel B to contribute or account. Such is the situation here. The Missouri Pacific and the Construction Company were practically partners for the purpose of carrying out an unlawful scheme. The court will not enforce such

a contract when executory, and when executed the court will leave the parties where they have placed themselves and refuse all relief. The general principles upon which this conclusion has been reached are founded upon public policy and are as old as the common law itself and require no argument for their establishment. There are, indeed, many cases holding that the mere knowledge of one party that the other proposes to illegally use the fruits of the contract will not prevent a recovery. This doctrine seems to have taken its rise from the opinion of Lord Mansfield in the case of *Holman v. Johnson*, 1 Cowp. [Eng.], 341, where it was held that there could be a recovery for goods sold at Dunkirk, the vendor knowing that the vendee intended to smuggle them into England; but in *Lightfoot v. Tenant*, 1 B. & P. [Eng.], 551, it was held that there could be no recovery upon a sale of goods to be disposed of by the vendee contrary to an act of parliament, where the vendor participated in the unlawful design, the court saying: "The plaintiffs do not merely assist another, they must be taken to be principals in the illicit transaction." The following forcible illustration is used: "The man who sold arsenic to one he knew intended to poison his wife with it, would not be allowed to maintain an action upon his contract." In *Hobbs v. Henning*, 17 C. B., n. s. [Eng.], 819, the court distinguishes the two cases last cited and attempts to reconcile them, overlooking the fact that in *Lightfoot v. Tenant* the inference of participation was drawn chiefly from the fact of the vendor's knowledge, and overlooking the further fact that in *Langton v. Hughes*, 1 Man. & Sel. [Eng.], 593, and in *Cannan v. Bryce*, 3 Barn. & Ald. [Eng.], 179, the doctrine of *Holman v. Johnson* had been overruled and no recovery permitted. We think that we have shown that the Construction Company was a principal and a participant in the illegal transaction, so that, measured by either rule, there can be no recovery. The language of Lord Mansfield in *Holman v. Johnson*, in

which he states the general rule, has been frequently approved and followed, while the conclusion reached in that case has been overruled. His language is as follows: "The objection, that a contract is immoral or illegal as between plaintiff and the defendant, sounds at all times very ill in the mouth of the defendant. It is not for his sake, however, that the objection is ever allowed, but it is founded on general principles of policy, which the defendant has the advantage of, contrary to the real justice, as between him and the plaintiff, by accident, if I may say so. The principle of public policy is this: *Ex dolo malo non oritur actio*. No court will lend its aid to a man who founds his cause of action upon an immoral or an illegal act. If, from the plaintiff's own stating or otherwise, the cause of action appears to arise *ex turpi causa*, or the transgression of a positive law of this country, there the court says he has no right to be assisted. It is upon that ground the court goes; not for the sake of the defendant, but because they will not lend their aid to such a plaintiff. So if the plaintiff and defendant were to change sides, and the defendant was to bring his action against the plaintiff, the latter would then have the advantage of it; for where both are equally in fault, *potior est conditio defendentis*."

That the manipulation of the roads in Kansas was a gross and deliberate fraud upon the municipalities is clear, and that the organization of the Construction Company put it within the power of the common stockholders, in the first place, to earn for themselves and their coadjutors in the Construction Company a profit out of the Missouri Pacific, towards which they occupied fiduciary relations, and then in turn to take these profits from the Construction Company and put them into their own pockets, is equally clear. If the case is not parallel upon the facts, it is fairly within the principle of *Wardell v. Railroad Company*, 103 U. S., 651; *Anderson v. Carkins*, 135 U. S., 483; *Gould v. Ken-*

dall, 15 Neb., 549, and many other cases of a similar nature. In both *Wardell v. Railroad Company* and *Anderson v. Carkins* there is a dictum that in an appropriate action there might probably be a recovery upon a *quantum meruit*, but if that be so, it must be upon grounds independent of the contract and not in an action founded thereon. Relief was altogether refused in the cases cited, and should be refused here.

It may be said that the Construction Company is indebted and that its creditors should not suffer. Some indebtedness does appear in the record, most of it, however, to individuals who were parties to the scheme; but no creditors are here to enforce their rights, and this suit does not affect their rights. Their remedies against either or both of these companies are not before the court for consideration; and if in a direct proceeding between the parties to an unlawful contract the creditors of either must be protected, the courts could probably never apply the maxim, "*ex dolo malo non oritur actio*," and illegal contracts would always have to be enforced. There is no pleading of the illegality of the contract, at least upon the ground herein discussed; but where upon the trial it is apparent, from evidence material to the issues, that the cause of action rests upon an agreement against public policy, the court will of its own motion refuse to enforce such agreement or grant any relief where the parties are *in pari delicto*. But conceding that the subject-matter of this suit is one which the courts should entertain, we can see neither reason nor consistency in accepting some portions of the transaction as it appears on its face and rejecting other portions as subterfuges—measuring some liabilities by the terms of the contracts and others by a rule obtained by disregarding those terms. If the case is to be entertained at all we think it should be resolved as follows:

First—Fitzgerald's right to maintain the action. The Missouri Pacific contends that the plaintiff has not es-

established a sufficient foundation for maintaining a stockholder's bill. The allegations of the petition upon this point are, briefly, that the persons interested in the Missouri Pacific have a controlling interest in the stock of the Construction Company; that a majority of the board of directors of the Construction Company are interested in the Missouri Pacific and have manipulated the affairs of the Construction Company to its own disadvantage and to the advantage of the Missouri Pacific. These matters are set out at length and in detail. The evidence shows that prior to the commencement of the suit the plaintiff requested Mr. Mallory, the president of the Construction Company, to institute the action, and that Mr. Mallory refused to do so. No demand was made upon the board of directors. It is claimed in defense that in every case such a demand must be made as a condition precedent to the institution of a suit by a stockholder, or if there be an exception, it is confined to cases where the action is against the directors individually. The findings of the trial court and the overwhelming weight of evidence show that a majority of the board of directors in all of the transactions where there was a conflict of interests have acted in accordance with the interests of the Missouri Pacific or expressed wishes of Mr. Jay Gould, its president; that in all the matters complained of the Construction Company has been placed in the position it now occupies by acts of that same majority, and it is perfectly clear that a demand upon the board of directors to institute the suit would have been fruitless, or if it had been complied with, that the action would have been conducted as all the past affairs of the Construction Company had been,—not adversely to the Missouri Pacific, but in accordance with its wishes. We do not think that in any case presenting a similar state of facts has relief been denied to a stockholder. While the cases holding that a demand is unnecessary are generally actions against the persons upon whom if demand were necessary

it must be made, the principle established in those cases is that the demand is not necessary where it would be useless. (*Barr v. New York, L. E. & W. R. Co.*, 96 N. Y., 444; *Beach, Private Corporations*, 886; *Cook, Stockholders*, 741.)

Second—Is there a defect of parties? It appears incidentally in the pleadings and distinctly by the evidence that Fitzgerald brought an action in Iowa against the Construction Company for the purpose of winding up its affairs, and that in that action a receiver was appointed of the effects of the Construction Company. It is urged that Fitzgerald cannot now maintain this action, at least without joining the receiver as a party defendant. We think it is clear that the receiver could not himself have maintained the action in this state. The point was considered and discussed with great care by Mr. Justice Wayne in *Booth v. Clark*, 17 How. [U. S.], 321, and it is there said: "Our industry has been tasked unsuccessfully to find a case in which a receiver has been permitted to sue in a foreign jurisdiction for the property of the debtor. So far as we can find, it has not been allowed in an English tribunal; orders have been given in the English chancery for receivers to proceed to execute their functions in another jurisdiction, but we are not aware of its ever having been permitted by the tribunals of the last. We think that a receiver has never been recognized by a foreign tribunal as an actor in a suit. He is not within that comity which nations have permitted, after the manner of such nations as practice it, in respect to the judgments and decrees of foreign tribunals." Inasmuch as the receiver could not be recognized in this state and could not have been permitted to maintain the action, it would seem to follow that the courts of this state must proceed independently of the receivership. As a foreign receiver he would have no interest in the controversy, and is neither a necessary or proper party thereto. The case relied upon by the defendants

upon this point is that of *Porter v. Sabin*, 149 U. S., 473. It was there held that after a state court had appointed a receiver of property of a corporation, stockholders could not bring suit against the officers in a court of the United States of the same territorial jurisdiction without making the receiver a defendant. The decision was based upon the ground that when a court of competent jurisdiction appoints such a receiver it assumes the administration of the estate, and it is for that court to determine whether it will adjudicate claims for or against the receiver, or allow them to be litigated elsewhere, and in that case the court appointing the receiver and the court in which the stockholders' bill was filed having the same territorial jurisdiction, the state court had already obtained jurisdiction over all the property and rights of action which would otherwise be within reach of the federal court. The facts which influenced the decision in *Porter v. Sabin* do not exist in this case and the general doctrine applies.

Third—The accounting. Both parties have appealed from the decree of the district court, and we are now brought to a review of the findings of that court in the accounting between the parties defendant.

1. The trial court finds, in accordance with the evidence that the railroads were constructed and turned over to the Missouri Pacific as follows: Denver, Memphis & Atlantic—February 14, 1887, 150 miles; August 11, 1887, 29.83 miles; August 11, 1887, 93.57 miles; October 1, 1887, 124.42 miles; December 15, 1887, 12.82 miles; total, 410.64 miles. Kansas & Southwestern—May 3, 1887, 24.84 miles. Pueblo & State Line—December 15, 1887, 151.34 miles. Total, 586.82 miles.

2. Upon the completion of the first 150 miles a controversy arose as to whether the road had been constructed in accordance with the contract, and the Missouri Pacific at first refused to accept the road. A proposition was then made by Mr. Jay Gould, as president of the Missouri Pa-

cific, to the directors of the Construction Company, that the Missouri Pacific would accept the road at \$10,000 per mile. This proposition was accepted by a resolution of the directors and settlement made accordingly. The plaintiff seeks to recover the \$150,000 thus withheld. The evidence as to the manner in which this 150 miles had been constructed is very conflicting, but the trial court found upon ample evidence that the road was constructed in accordance with the contract, except as to some details of the work which were afterwards performed. The binding force of the compromise depends not, however, upon what the rights of the parties actually were at the time it was entered into, but upon the question as to whether or not there was, at the time of the compromise, a *bona fide* controversy upon the subject. It is very clear from the evidence that Mr. Gould was dissatisfied with the work of the Construction Company; that he made many objections thereto; that he insisted earnestly that the work did not satisfy the requirements of the contract; and there is so much evidence to support the contention of Mr. Gould and the Missouri Pacific in this regard that a finding by the trial court based upon that evidence would not have been disturbed. We think the evidence shows that an actual controversy existed, that the Missouri Pacific urged it in good faith, and that the resolution was adopted in good faith for the purpose of settling it. A settlement was actually made upon the basis of a compromise, acquiesced in by both parties thereto, throughout all subsequent transactions, and it cannot now be disturbed. The trial court was right in disallowing this item. It is said that the Missouri Pacific paid Gould and others \$11,000 per mile for the whole of the Denver road, making these persons its agents to pay the Construction Company. We cannot find any support for this in the evidence. The only thing from which such an inference could possibly be drawn is a report of the directors of the Missouri Pacific to its stockholders, in which the cost of the Denver road is

estimated at a little less than \$12,000 per mile; but when the admitted items of extras in this account are considered, this statement is easily explained. But did the facts appear as the plaintiff claims, it would not affect the compromise. If A give B \$100 to pay C, and a controversy existing as to whether C has earned the money, B settle for \$500, his liability for the remainder is to his principal and not to C.

3. A portion of the road, 36.6 miles long, the Missouri Pacific at one time determined should not be constructed. Mr. Mallory urged its construction, and finally agreed to construct it at the rate of \$10,000 per mile, if the Missouri Pacific would permit. Mr. Mallory had no authority to so modify the contract, and the directors of the Construction Company never ratified his action. For this section of the road the Construction Company is entitled to \$11,000 per mile, and the trial court rightly so held.

4. Allowing, then, \$10,000 a mile for the first 150 miles of the Denver road, \$11,000 a mile for the remainder and for the Kansas & Southwestern, and \$12,000 per mile for the Pueblo road, we find that the Construction Company earned upon its contracts \$6,456,360, payable in Missouri Pacific five per cent bonds. The trial court found \$6,454,600. The difference, amounting to \$1,760, is due to a difference in the findings in regard to the length of the Denver road. The thirteenth and fifteenth findings conflict to the extent of .16 of a mile, and we have accepted the detailed statement of the fifteenth finding, rather than the general statement of the thirteenth, there being support in the evidence for either finding.

5. The trial court found that there had been payments of bonds as follows: February 14, 1887, \$1,500,000; July 28, 1887, \$2,500,000; September 22, 1887, \$2,500,000; total, \$6,500,000; and so credited the Missouri Pacific in the account with an overpayment of \$45,400. The finding, however, of a payment upon July 28, of \$2,500,000,

was a conclusion of the trial court based upon certain other findings. Upon the date named the Construction Company borrowed of Jay Gould \$2,500,000 of these bonds. The trial court found that at that time the Construction Company had earned and that the Missouri Pacific was obliged to pay to it the sum of \$2,500,000, and the court concluded that the loan of the bonds made by Gould should be treated as a payment of that date by the Missouri Pacific, and that the Missouri Pacific should be charged against this payment with an item of \$62,500, being six months' interest upon the bonds lent by Gould, which Gould afterwards received. In this we think the trial court erred. It should not have treated the loan by Gould as a payment by the railroad company; but if the Missouri Pacific had unreasonably delayed or withheld payments due the Construction Company, the measure of damage would be the interest which the bonds would draw from the time they ought to have been delivered until they actually were delivered. The transactions between Gould and the Construction Company on the one side and the railroad company and the Construction Company on the other must be kept separate. The delivery of July 28 must be treated as a loan by Gould, which in fact it was, and the railroad company should only be credited with the bonds actually delivered to the Construction Company, or upon its order. The amount of these, as we find it from the evidence, is \$6,418,000.

6. It was claimed by the Construction Company that a contract existed between that company and the Missouri Pacific by which the Missouri Pacific was obligated to transport materials to be used by the Construction Company over the Missouri Pacific lines at a rate of three-fourths of a cent per ton per mile. The Missouri Pacific, however, undertook to charge a rate of three cents per ton per mile, and the treasurer of the Construction Company, Mr. Cross, paid the Missouri Pacific, upon that basis, its

claim without authority. The by-laws of the Construction Company required vouchers to be approved by the president and this payment was made without such vouchers. The Construction Company claims that there should be refunded to it upon this account \$318,763.56, and this item was allowed by the district court, the trial court finding the facts substantially as the plaintiff claimed them to exist, and finding that the rate of three cents per ton per mile was unreasonable. All the shipments out of which this account arose were interstate shipments, and the trial court finds specifically that of the whole amount claimed, \$17,768.45 arose out of shipments made prior to April 5, 1887, when the interstate commerce act took effect; the remainder arose subsequently. The evidence as to this contract was conflicting, but the findings of the trial court received substantial support and we think that the item of \$17,769.45 was properly allowed. Section 2 of the interstate commerce act is as follows: "That if any common carrier subject to the provisions of this act shall, directly or indirectly, by any special rate, rebate, drawback, or other device, charge, demand, collect, or receive from any person or persons a greater or less compensation for any service rendered or to be rendered in the transportation of passengers or property subject to the provisions of this act than it charges, demands, collects, or receives from any other person or persons for doing for him or them a like and contemporaneous service in the transportation of a like kind of traffic under substantially similar circumstances and conditions, such common carrier shall be deemed guilty of unjust discrimination, which is hereby prohibited and declared to be unlawful." The plaintiff claims that the rate of three-fourths of a cent per ton per mile was the regular rate charged by the company to others for similar material, and that it was never changed. Section 9 of the act referred to is as follows: "That any person or persons claiming to be damaged by any common

carrier subject to the provisions of this act may either make complaint to the commission as hereinafter provided for, or may bring suit, in his or their own behalf, for the recovery of the damages for which such common carrier may be liable under the provisions of this act, in any district or circuit court of the United States of competent jurisdiction. But such person or persons shall not have the right to pursue both of said remedies, and must, in each case, elect which one of the two methods of procedure herein provided for he or they will adopt." There is no provision in the act which authorizes suit to be commenced in the state courts. In this respect the act differs from that in regard to usury exacted by national banks, construing which it has been held that a state court has jurisdiction of a suit to recover the penalty. (*Schuyler Nat. Bank v. Bollong*, 37 Neb., 620.) As to the particular kind of grievance alleged in this case, congress has provided a commission to which application may be made for redress, or the aggrieved party may at his election bring suit for redress in the federal courts. The subject being one upon which the power to legislate is delegated to congress, and congress having enacted laws upon the subject and provided for certain procedure in certain tribunals to obtain redress for a violation of such laws, we think the tribunals so created have exclusive jurisdiction. (*Copp v. Louisville & N. R. Co.*, 46 Am. & Eng. R. Cas., 634; *Coxe Brothers v. Lehigh Valley R. Co.*, 4 Interstate C. C. Rep., 578; *Swift v. Philadelphia & R. R. Co.*, 58 Fed. Rep., 858, in circuit court for northern district of Illinois; *Keith v. Telford*, 12 Neb., 273.) The matter of overcharges for freight since April 5, 1887, is, therefore, not within the jurisdiction of the court and must be for that reason dismissed from the case without determination.

7. The following items of charges against the Missouri Pacific were allowed by the trial court: Additional stall roundhouse, Chivington, \$1,000; extra grading at Chiv-

ington, \$6,000; extra ties on D., M. & A., \$23,192.17; stock yards and pens, \$11,800; fencing, \$1,522.98; turntables, \$4,522.01; extra nut-locks, D., M. & A., \$2,223.92. These were all items which the Construction Company claims were not included in the contracts with the original railroad companies, but were performed and furnished at the instance and request of the Missouri Pacific, and for which the Construction Company should be allowed their reasonable value. The evidence is ample to support the findings of the trial court, which are upon these items affirmed.

8. The Construction Company also seeks to recover upon a *quantum meruit* for a telegraph line constructed along the Denver road. This line was constructed by virtue of a written contract between the Denver Company and the Western Union Telegraph Company, the Denver Company to do the work and the Telegraph Company to furnish the material. But there is much evidence to show that a telegraph line is not a portion of a railroad such as the Construction Company had contracted to build for the Denver Company. The negotiations in regard to this line were conducted between the Construction Company and officers of the Missouri Pacific. The contract was not entered into until after examination and approval by the Missouri Pacific officers, and the Construction Company proceeded with the work at the direction of these officers. Under these circumstances the Missouri Pacific rendered itself liable to the Construction Company and the trial court properly allowed this charge, which amounts to \$25,703.03. (*Baltimore & Ohio Telegraph Co. v. Interstate Telegraph Co.*, 4 C. C. A. [U. S.], 184.)

9. Upon the completion of the Pueblo road a large quantity of track material remained unused at Chivington. It was claimed by the Construction Company that the Missouri Pacific agreed to take all of this property as inventoried by representatives of the two companies and at

prices agreed upon. Upon the other hand the Missouri Pacific claims that it agreed absolutely to take a portion of the material, to be delivered as it should be needed, and to take the rest provided it should find use therefor. Two items of this material are not disputed. The trial court seems to have found substantially in accordance with the claim of the Missouri Pacific as to the terms of this arrangement, and allows, in addition to the two items, an item of \$16,910.59. This is the remainder of the track material which the Missouri Pacific agreed to take absolutely as it should need it; but before it was taken it was seized for taxes and the Missouri Pacific undertook to buy it at tax sale, paying therefor \$3,050.40. The trial court, while charging the Missouri Pacific with this third item, credits it with the amount paid for taxes. Upon the basis of the finding of fact, which is sustained by the evidence, we think this is correct. The Missouri Pacific was obligated to take the material, but at the time of the tax sale the Construction Company was liable for the taxes, so while the Missouri Pacific could not, as against the Construction Company, obtain title through the tax sale, it was entitled to credit for the amount of taxes paid.

10. There is a further charge allowed by the trial court of \$5,000, under the head of miscellaneous material at Chivington. This would be more correctly described as freight on material from Chivington to the Verdigris Valley railroad, for the construction of which it was ultimately used. The charge presents no question of law, and the evidence sustains the finding of the trial court.

11. The trial court also allowed, under the head of miscellaneous items, the sum of \$12,988.87. Besides the items set forth in detail in the statement of account there was evidence in the record relating to a large number of transactions between the companies, resulting in what the Construction Company claimed to be just charges against the railroad company. The aggregate of those items which

receive support from the evidence is greater than that allowed by the court. The record does not show the constituent parts of the charge allowed, and error in this record not affirmatively appearing, the finding of the trial court is affirmed as to that item.

12. The following items of charges against the Construction Company allowed by the trial court present no question of law, and receiving support from the evidence are here allowed:

Taxes paid.....	\$1,021 38
Recording deeds.....	13 80
Loss and damage on shipments.....	47 13
Overcharges and shortage on way bills.....	839 50
Expenses paid on right of way.....	5,521 05
Paid M. S. Carter & Co.....	513 90
Cash, Russell Sage.....	10,000 00
Cash, Jay Gould.....	20,000 00
Cash, George Gould.....	10,000 00
For right of way since suit.....	6,601 91

13. Each party admits a number of items as correct charges against it by the other, and in the following statement of account all items appearing, which have not already been discussed, are items which are so admitted.

14. There is due from the Missouri Pacific to the Construction Company the following:

Refund of passenger fares	\$4,538 51
Labor	93 50
Material furnished.....	11,396 75
Water furnished	3 00
Coal furnished.....	11 00
Rails and ties	7,098 17
Engine supplies.....	536 69
Labor and material (bridges).....	1,194 57
Taxes	1 00
Mail service.....	1,055 41
Construction Verdigris Valley R. R.....	36,869 01

Fitzgerald v. Fitzgerald & Mallory Construction Co.

Winfield, Texas & Gulf R. R.....	\$18,028 84
Overcharge on merchandise	1 66
Equipment purchase.....	132,735 03
Overcharge on materials.....	163 72
Material at Chivington, October, 1888.....	16,241 16
Material at Chivington since November ...	19,680 00
Material at Chivington sold for taxes.....	16,910 59
Miscellaneous items	12,988 87
Overcharge on freight prior to April 1, 1888,	17,769 45
Additional stall roundhouse, Chivington...	1,000 00
Extra grading at Chivington.....	6,000 00
Freight on material from Chivington.....	5,000 00
Telegraph line.....	25,703 03
Extra ties, D., M. & A.....	23,192 17
Stock yards and pens.....	11,800 00
Fencing	1,522 98
Turn-tables	4,522 01
Extra nut-locks, D., M. & A.....	2,223 92
Bonds earned under contracts by Construc-	
tion Company	6,456,360 00
Interest on bonds not paid.....	9,590 00
Interest on other items.....	132,398 36
Total	\$6,976,629 40

15. The Missouri Pacific should receive the following credits:

Freight charges.....	\$28,766 17
Tickets.....	881 54
Water furnished	45 50
Coal furnished.....	3,197 38
Cars destroyed.....	334 63
Cars repaired.....	1,117 49
Rent of cars.....	20 00
Cross-ties furnished.....	110,776 62
Overcharges on freight.....	413 07
Labor and material.....	1,921 76

Fitzgerald v. Fitzgerald & Mallory Construction Co.

For right of way prior to suit.....	\$58,758 39
Paid to T. J. Prosser & Co.....	26,776 39
Stoves, etc.....	113 59
Bridge material.....	186 00
Labor and material (bridges).....	23,673 00
Paid Colt & Son.....	18,830 61
Paid T. J. Hilliard.....	13,106 44
Cash A. H. Calef, January 25, 1888.....	20,000 00
Taxes paid.....	1,021 38
Recording deeds.....	13 80
Loss and damage on shipments.....	47 13
Overcharge and shortage on way bills.....	839 59
Expenses paid on right of way.....	5,521 05
Paid M. S. Carter & Co.....	513 90
Cash, Russell Sage	10,000 00
Cash, Jay Gould.....	20,000 00
Cash, George J. Gould.....	10,000 00
Taxes paid at Chivington.....	3,050 40
Paid for right of way since suit.....	6,601 91
Bonds delivered.....	6,418,000 00
Interest	128,284 71
<hr/>	
Total	\$6,912,812 45
Missouri Pacific, Dr. to balance.....	63,816 95
<hr/>	
	\$6,976,629 40

16. The dates when these different items accrued are in most cases not ascertainable from the evidence. Moreover, the transactions form a running account between the parties, and in calculating interest we do not think any foundation has been laid for the allowance of interest to either party before the commencement of suit. We have, therefore, calculated it from December 1, 1888, to December 1, 1893, at seven per cent, there being no proof of the interest laws of either of the states where the transactions arose, and their law being presumed to be like our own. This does

not apply, however, to the difference between the amount of the bonds earned and the amount delivered. These bonds draw but five per cent interest, and interest upon that difference has been calculated at five per cent.

17. A large amount is claimed on behalf of the Construction Company in the nature of consequential damages arising out of the disposition of the bonds made by the directors of the Construction Company. Most of the bonds were sold by the Construction Company at ninety cents on the dollar, and it is claimed that the Missouri Pacific should be charged with the discount. The evidence relating to this is voluminous, but the contention of the plaintiff may be thus briefly summarized: That the Missouri Pacific unreasonably and wrongfully withheld its acceptance of the roads after they were completed, compelling the Construction Company to resort to devices in the nature of borrowing money and bonds, and that owing to the exigencies arising from the necessity of meeting these debts, the majority of the board of directors was enabled to carry through a scheme by which the bonds were sold by the Construction Company to themselves and to Jay Gould at a discount. We do not think that the evidence shows any such unreasonable or unlawful withholding of the bonds, and the trial court did not find that there had been such. In order to obtain the bonds the Construction Company was required not only to build the road, but to deliver the stock and bonds of the original railroad companies. The provision in the first contracts by which settlements were to be made by ten-mile sections was waived by the Construction Company, and for this provision no definite times were substituted for settlements. The original companies were, until construction had advanced to a considerable extent, under the control of the Construction Company. Their bonds could not be delivered until they directed the trustee to certify them. The first certification was not ordered until a few days before the first instalment of the

Missouri Pacific bonds was delivered, and this at a time before the Construction Company lost control of the railroad company. There is evidence that a number of bonds of the Denver road were executed by its officers and retained in the possession of the Missouri Pacific, but they were not certified, and could not be certified until the directory of the Denver road so ordered. They were no better until certification than blank paper, and had the Missouri Pacific obstructed a settlement, there was nothing to prevent the Construction Company, while it had control of the Denver Company, from causing to be executed other bonds, having them certified, and tendering them to the Missouri Pacific. No such thing was done. In the subsequent operations we cannot find anything in the evidence justifying us in holding that the district court erred in not finding that there had been a wrongful withholding by the Missouri Pacific of its bonds. But aside from this, the bonds were sold at a discount by order of the directors of the Construction Company. The first order gave the stockholders of the Construction Company a preference in proportion to their stock. Fitzgerald and Mallory did not take advantage of this and their proportion was taken by other stockholders. These acts may have been a fraud upon the Construction Company by a majority of its directors who happened to be interested in the Missouri Pacific, but as the Missouri Pacific, as a corporation, was not a party to the proceeding, the directors were acting as directors of the Construction Company and not as directors of the Missouri Pacific. The Missouri Pacific can no more be charged with the consequences of their wrongful acts in this regard than it could be charged for damages sustained by a passer-by in consequence of the unsafe condition of a sidewalk in front of the residence of such a director. The fact that it was Missouri Pacific bonds which were sold was, in this regard, a purely fortuitous circumstance, and the Missouri Pacific can no more be

charged with this than with the loss sustained by a sale of any other property of the Construction Company which had never been in the possession of the Missouri Pacific. The contract of the Missouri Pacific was to pay the Construction Company in Missouri Pacific bonds at specified sums per mile. The undisputed evidence shows that these payments were made as agreed and the Missouri Pacific's outstanding bonded indebtedness was thereby increased to that full amount. Upon what principle of law or equity can an additional sum of \$500,000 be charged to that company? The trial court found no evidence whereon to base such a charge. We can find none, and the opinion adopted by the court does not, so far as we can discern, point out any such evidence or any tangible reason for allowing this item.

18. The same conclusions of fact on the question of the withholding of the bonds dispose of plaintiff's contention that the Construction Company should be charged with the item of \$62,500 interest received by Jay Gould upon the \$2,500,000 of bonds loaned by him to the Construction Company.

19. Interest is claimed upon a payment of \$380,000, which it is alleged the treasurer of the Construction Company made to the Missouri Pacific for rails purchased from that company before the rails were delivered. A contract had been made for the purchase of these rails and a voucher approved by the president of the Construction Company. He claims that the approval was made simply to enable payments to be made as the rails were delivered, but the treasurer was authorized upon this voucher to disburse the money upon presentation, and he did so. This bound the Construction Company, and there can be no recovery on account of the prepayment.

20. The Denver contract provided that the Denver Company should procure the right of way, but the Construction Company pay therefor. The Construction Company claims that it was thereby obligated to pay only the pur-

chase price or condemnation money and that the costs of the proceedings and other expenses were chargeable against the Denver Company, and upon the theory that the operation was for the benefit of the Missouri Pacific should be charged against that company. The object of this provision in the contract is plain enough. All proceedings were necessarily in the name of the Denver Company and the title taken to that company. The proceedings had to be conducted through the officers of that company, and a stipulation to that effect was accordingly inserted in the contract. But it is equally clear that the Construction Company was to bear the whole expense of constructing the road, inasmuch as it received all the stock and bonds of the Denver Company for doing so, and the cost of condemnation proceedings and all other items of expense in procuring the right of way were as much chargeable against the Construction Company as the condemnation money itself.

21. The Missouri Pacific claims that there was a failure of consideration to the extent of some seventeen miles of railroad built over government land to which it was claimed no title was obtained. For several reasons nothing can be allowed on this account. The Missouri Pacific contends throughout the rest of its argument that it did not buy the Denver road, but only its stock and bonds, and we cannot say that any portion of the stock or bonds was without consideration on this account. Their amount was fixed according to the mileage of the road, but the security was upon the road as a whole. In the next place the Missouri Pacific obtained possession of the whole road, remained in possession, and has not been evicted. Even had there been a conveyance of the road to the Missouri Pacific with covenants of warranty and for quiet enjoyment, there would as yet be no cause of action upon these covenants. That case would be much stronger than this.

22. The Construction Company claims large amounts

caused by the failure of the Missouri Pacific to make Chivington a division station. A part of this claim is because there was a large amount of construction at Chivington based upon the intention of making it a division station. It was the duty of the Construction Company to build the railroad according to the plans. The plans provided for this construction, and it was entirely immaterial whether the railroad company afterwards used these structures or not. The remainder of the claim is for losses sustained by the Construction Company on account of speculations in land at Chivington and the erection of a hotel, out of which the Construction Company contemplated making large profits through the division station's being there located. Such an enterprise was wholly beyond the scope of the Construction Company's powers and objects, and the damages claimed are at once too uncertain, too speculative, and too remote for consideration.

23. There are a few other items claimed on either side and disallowed by the trial court. They depend for the most part upon questions of fact which were determined by the trial court upon conflicting evidence, and both upon the law and the facts we think they were correctly determined and they will not here be noticed in detail.

It follows from the foregoing considerations that the decree of the district court should be modified and the judgment entered here in favor of the Construction Company against the Missouri Pacific, if for any sum, should be \$63,816.95, with interest from December 1, 1893.

ALICE A. MINICK, APPELLANT, v. NELSON C. BROCK
ET AL., APPELLEES.

FILED JUNE 26, 1894. No. 5421.

1. **Injunction: PRINCIPAL AND SURETY.** A court of equity, in a proper case, will restrain the sale of the property of a surety for the satisfaction of a judgment against him, when it appears that the principal debtor has sufficient property liable to execution within the jurisdiction of the court for the satisfaction of such judgment, at least until after the property of the principal debtor has been exhausted.
2. ———: ———. It seems that a court of equity, upon the application of a surety in a judgment, will restrain the sale of such surety's property for the satisfaction of such judgment until the property within the jurisdiction of the court belonging to his co-surety has been exhausted, when it appears that such surety incurred the obligation on which the judgment is based, at the request of the co-surety and upon his promise to indemnify and save him harmless by reason thereof.
3. ———: **EXECUTIONS: PRINCIPAL AND SURETY.** Where the liabilities of sureties in a judgment are all equal, and where the relations between them are not such that one surety is surety or guarantor for the other, a court of equity will not, in any manner, assume to control an officer holding an execution for the satisfaction of a judgment, and will not direct whether he levy the execution upon the property of all the sureties or satisfy the entire judgment out of the property of one of them.

APPEAL from the district court of Lancaster county.
Heard below before HALL, J.

W. Henry Smith, for appellant.

J. E. Philpott, contra.

RAGAN, C.

On the 22d day of January, 1889, Marilla B. Hubbell, V. H. Gibson, E. T. Huff, and Alice A. Minick executed and delivered to John G. Southwick a promissory note for

fifteen hundred dollars, due ten months after date, drawing interest at the rate of ten per cent per annum from date until paid. On the 11th day of March, 1891, in the district court of Lancaster county a judgment was rendered upon this note in favor of the Nebraska Savings Bank, to whom Southwick had indorsed and sold the note, and against Marilla B. Hubbell, as principal, and Gibson, Minick, and Huff, as sureties. Some time after this the Nebraska Savings Bank sold and assigned this judgment to one Nelson C. Brock, and he caused a transcript to be filed in the office of the clerk of the district court of Gage county and an execution to be issued out of said clerk's office and delivered to the sheriff of said county. Alice A. Minick owned lands in Gage county, and the sheriff having levied said execution upon her lands in that county for the satisfaction of said judgment, she brought this case in equity in the district court of Lancaster county against the said Nelson C. Brock, the Nebraska Savings Bank, John G. Southwick, Edward T. Huff, and the sheriff of said Gage county to restrain the latter from selling her lands for the satisfaction of said judgment. She alleged in her petition, in substance, as grounds for such injunction that at the time she signed the note to Southwick Mrs. Hubbell was the owner of some furniture in a hotel in Lincoln; that E. T. Huff had a mortgage upon such furniture; that he was receiving the rents and profits from said hotel, and desiring that the hotel should continue in operation and that he should continue in receipt of the profits from the hotel business, he requested Mrs. Minick to become surety with him on Mrs. Hubbell's note to Southwick, promising her that if she did so that he, Huff, would pay the note at maturity and save her harmless from any damages, costs, or expenses by reason thereof; that she became surety on the Southwick note, relying upon this promise of Huff; that Huff in fact had paid the judgment to the Nebraska Savings Bank, and that he and Brock had procured the

Minick v. Brock.

bank to assign the judgment to Brock, and by issuing an execution now sought to compel her, Minick, to pay the entire judgment; that Brock really had no interest in the judgment, and that Huff had abundant property in Lancaster county, where the judgment was rendered, and upon which property the judgment was a lien, to satisfy the same; and that the property of Huff should be exhausted before coming upon her, Minick's, property. The answer of the defendants to this action made the following issues of fact: First, whether Huff promised Mrs. Minick that he would indemnify her for signing with him as surety Mrs. Hubbell's note; second, whether the judgment rendered had in fact been paid by Huff and was held by Brock for his, Huff's, benefit, or whether Brock in good faith bought the judgment from the Nebraska Savings Bank and was the owner of the same. The district court found the issues in favor of the defendants and dismissed Mrs. Minick's case. From this judgment of the district court Mrs. Minick appeals.

The evidence that Brock was the owner in his own right of the judgment rendered in favor of the Nebraska Savings Bank and against Hubbell and others, that he purchased said judgment from said Bank with his own money for his own use for the face of the judgment and interest, was practically undisputed. The other issue as to whether Huff agreed to indemnify Mrs. Minick for becoming surety with him on Mrs. Hubbell's note was conflicting, and the finding of the court against Mrs. Minick on that issue cannot be disturbed.

Section 511 of the Code of Civil Procedure provides that when a judgment has been rendered against one as principal and others as sureties, the property of the principal debtor within the jurisdiction of the court shall be exhausted before the property of the sureties shall be taken. There is no evidence in this case that Mrs. Hubbell, the principal debtor, has any property liable to execution

Minick v. Brock.

within the jurisdiction of the court, and since the court has found that Mrs. Minick and Mr. Huff are co-sureties equally liable for the judgment held by Brock, and as to the liabilities of Huff and Minick, Huff is not a principal debtor, Mrs. Minick's case must fail. A court of equity would, no doubt, in a proper case, restrain a sale of the property of a surety for the satisfaction of a judgment against him on a showing that the principal debtor had sufficient property liable to execution within the jurisdiction of the court for the satisfaction of such judgment, at least until after the property of the principal debtor had been exhausted; and a court of equity, on application of one surety in a judgment, might restrain the sale of such surety's property for the satisfaction of the judgment until the property within the jurisdiction of the court belonging to his co-surety had been exhausted, when it clearly appeared that the surety incurred the obligation, on which the judgment was based, at the request of such co-surety and upon his promise to indemnify him and save him harmless by reason thereof; but where the liabilities of sureties are all equal, and where the relations between them are not such that one is surety or guarantor for the other, a court of equity will not, in any manner, assume to control the officer holding the execution. He may levy it upon the property of all the sureties, or he may make the entire judgment out of the property of one of them. The decree is

AFFIRMED.

ALICE A. MINICK V. EDWARD T. HUFF ET AL.

FILED JUNE 26, 1894. No. 5422.

1. **Review: ERROR PROCEEDINGS: FAILURE TO POINT OUT ERROR.** It is no part of the duty of this court to search a record for the purpose of ascertaining if there is error in it. On the other hand, every reasonable presumption will be indulged in favor of the correctness of the judgment of a district court, and any ruling of that court, alleged to be erroneous, must be specifically pointed out to be reviewed here.
2. **Principal and Surety.** Before a surety can recover of his principal, because of his suretyship, he must first have paid the debt of his principal or some part thereof. *Stearns v. Irwin*, 62 Ind., 558, followed.
3. **New Trial: JOINT MOTION: REVIEW.** The rule of this court is that a motion for a new trial is indivisible, and when made jointly by two or more parties, if it cannot be allowed as to all it must be overruled as to all. *Dorsey v. McGee*, 30 Neb., 657, followed.
4. **Statute of Frauds: PROMISE TO ANSWER FOR DEBT OF ANOTHER.** The verbal promise of A to B to indemnify him if he will become surety for C for a debt of the latter to D is not a promise on the part of A to answer for the debt of C, within the meaning of subdivision 2, section 8, chapter 32, Compiled Statutes, 1893.

ERROR from the district court of Lancaster county.
Tried below before HALL, J.

W. Henry Smith, for plaintiff in error.

J. E. Philpott, contra.

RAGAN, C.

Alice A. Minick sued Edward T. Huff and Marilla B. Hubbell in the district court of Lancaster county. In her petition she alleged two causes of action, the substance of which are:

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45 115
41 516
51 507
55 17
41 516
55 42
56 642
41 516
59 308

First Cause of Action.—That on the second of November, 1888, Mrs. Hubbell was conducting a hotel in Lincoln and owned the furniture therein; that Huff had a chattel mortgage on such furniture; that Huff and Hubbell were receiving about \$200 per month income from the hotel, and in order that Huff might continue to receive such income Mrs. Minick, at the request of Huff and Hubbell, became surety for Mrs. Hubbell on a note she executed on that date to one Southwick for the sum of \$500, said Huff and Hubbell promising Mrs. Minick that if she would become surety on said note that they, Huff and Hubbell, would pay said note at maturity without trouble or damage to Mrs. Minick; that Mrs. Minick, relying on the promises of Huff and Hubbell, signed as surety for Mrs. Hubbell her note to Southwick; that said note was not paid at maturity; that Southwick had reduced the same to judgment and she, Mrs. Minick, had been compelled to pay the same, to her damage in the sum of \$550 and interest.

Second Cause of Action.—That on the 22d day of January, 1889, Mrs. Hubbell was conducting a hotel in Lincoln and owned the furniture therein; that Mr. Huff owned a chattel mortgage on said property; that Huff and Hubbell were in receipt of a monthly income from said hotel of about \$200, and in order that said Huff might continue to receive said income from said hotel, Huff and Hubbell requested Mrs. Minick to become surety for them on a note made by them on that date to one Southwick for \$1,500, said Huff and Hubbell promising Mrs. Minick that if she would sign as surety their note to Southwick that they would pay said note at maturity without costs or damage to Mrs. Minick; that relying upon said promises Mrs. Minick signed as surety the note of Huff and Hubbell to Southwick; that said note was not paid at maturity; that she, Mrs. Minick, had been sued on said note and was liable to have judgment rendered against her

Minick v. Huff.

at any time thereon, and to have her property exposed to execution for the payment of such judgment, to her damage in the sum of \$1,500.

The answer of Mrs. Hubbell, so far as material here, was that she was the principal debtor in both of the notes made to Southwick; that Mrs. Minick was her surety on both of said notes; that Huff was also a surety on the \$1,500 note; that at all the times mentioned in plaintiff's petition she was the owner of the hotel furniture, and that Huff held a chattel mortgage thereon; that the \$500 note had been reduced to judgment and that Mrs. Minick had paid the same; that the \$1,500 note had also been reduced to judgment against herself as principal and Mrs. Minick and Mr. Huff as sureties, and that Mrs. Minick had not paid said judgment, nor any part thereof.

The answer of Huff, so far as the same is material here, was, in substance, that at all the times mentioned in plaintiff's petition he held a chattel mortgage upon the hotel furniture of Mrs. Hubbell, and a general denial of all the other averments of Mrs. Minick in her first cause of action; that he signed the \$1,500 note as a co-surety with Mrs. Minick for Mrs. Hubbell; that said \$1,500 note had been reduced to judgment against Mrs. Hubbell as principal and Mrs. Minick and himself as sureties, and that no part of said judgment had ever been paid; and a general denial of all the other averments of Mrs. Minick in her second cause of action.

The case was tried to a jury and a verdict rendered against Mrs. Hubbell and Mr. Huff in favor of Mrs. Minick on her first cause of action. From the judgment pronounced on this verdict both parties prosecute proceedings in error here.

We will first dispose of the petition in error of Mrs. Minick. The errors alleged by her are:

"1. The court erred in refusing the instructions prayed for on behalf of the plaintiff in the first, second, third,

fourth, fifth, sixth, seventh, and eighth sections thereof. (Transcript, pp. 1-13.)" An examination of these instructions discloses the fact that at least one of them ought not to have been given, and as the error alleged is that the court erred in refusing to give all of them, the assignment of error must be overruled.

"2. The court erred in refusing additional instructions by plaintiff as per paragraphs 1 and 2 (Transcript, 18)." What has already been said disposes of this assignment.

"3. The court erred in refusing and admitting evidence for and against the plaintiff as per bill of exceptions, pp. 22, 33, 34, 35, 40, 44, 46, 55, 56, 57, 58, 59, 69, 71, 72, 75, 89, 117, 118, 119, 124, 125, 126, 129, 130, 139, 140, 143, 144, 148, 149, and as per numbered exceptions on the respective pages aforesaid from 1-42." This is not a specific assignment of error. It is equivalent to saying to this court that it will find in the record on the pages mentioned certain rulings of the district court which the plaintiff in error thinks were erroneous. It is no part of the duty of this court to search a record for the purpose of ascertaining if there is any possible error in it. On the other hand, every reasonable presumption will be made in favor of the correctness of the judgment of a district court; and any ruling of that court alleged to be erroneous must be specifically pointed out here in order to have it reviewed.

"4. The court erred in giving paragraph No. 6 of the instructions given to the jury by the court on its own motion." The instruction is as follows: "6. If, from the evidence, you find upon the said second cause of action that plaintiff signed the note therein mentioned, with these defendants, for the sum of \$1,500; and if you find from the evidence that said note was sued and judgment obtained thereon against the defendant Hubbell, as principal, and the plaintiff and the defendant Huff as sureties; and if you find from the evidence that defendants Huff and Hubbell undertook and faithfully promised and guaranteed

Minick v. Huff.

the plaintiff herein, in consideration of her signing said \$1,500 note, that said defendants, or one of them, would pay or cause to be paid said note without trouble, delay, cost, or damage to the plaintiff, then you are instructed that plaintiff would be entitled to recover herein from defendants herein the amount of said judgment, if any, with interest thereon and costs of suit, as shown by the evidence; provided you further find from the evidence that the plaintiff herein has paid or secured the payment of said \$1,500 note or the judgment, if any, obtained thereon." The evidence is undisputed that the \$1,500 note had been reduced to judgment against Mrs. Hubbell as principal and Huff and Mrs. Minick as sureties, and that Mrs. Minick had not paid said judgment, nor any part thereof. The court, then, did not err in giving this instruction. The theory of counsel for the plaintiff in error is, that since the evidence showed judgment had been rendered against Mrs. Minick for the amount of \$1,500, and that such judgment had become a lien upon her property, that she was entitled to recover the amount of the judgment, interest, and costs before she paid it. This is not the law. Before a surety can recover of his principal, because of his suretyship, he must first have paid the debt of his principal, or some part thereof. (*Stearns v. Irwin*, 62 Ind., 558; *In re Estate of Hill*, 67 Cal., 238.) If Mrs. Hubbell was the principal on the \$1,500 note and Huff and Minick were co-sureties, then neither one of them would have a right of action against Mrs. Hubbell, by reason of their suretyship, until they had paid the debt for which they were surety, or some part thereof. If Hubbell and Huff were both principals and Mrs. Minick was their surety, then she would have no cause of action against either of them until she had paid the debt, or some part thereof. The argument of counsel for Mrs. Minick is that the promise made to his client by Hubbell and Huff was, in effect, to save and keep her harmless by reason of signing the \$1,500 note; that they

Minick v. Huff

have not done so, and therefore Mrs. Minick's cause of action against them is complete. The answer to this is that Mrs. Minick in her petition does not aver, nor in her evidence does she prove, that she has been put to any expense or costs whatever by reason of the failure of Huff and Hubbell to keep their promise. It is doubtless true that the promise pleaded against Huff and Hubbell is one of indemnity; that by it they, in effect, did promise to save and keep Mrs. Minick harmless from all damages; and if it appeared that Mrs. Minick had been put to any costs or expense whatever by reason of the failure of Huff and Hubbell to keep their promise of indemnity, I have no doubt she would be entitled to recover the damages sustained, whether she had in fact paid the judgment rendered on the note which she had signed as surety. (*Powell v. Smith*, 8 Johns. [N. Y.], 248.) There is no error in this record of which Mrs. Minick can complain.

We now direct our attention to the error proceedings of Huff and Hubbell. Their assignments of error are as follows:

"1. The court erred in excluding the evidence as offered by plaintiffs in error, being the offer taken by the reporter in open court on the trial." This assignment is too indefinite for consideration. We will not search the record for the purpose of ascertaining the location of an alleged error. Parties complaining of an error must specifically point it out.

"2. The court erred in refusing to give instructions Nos. 1, 2, 3, 4, 5, 6, and 7 asked by plaintiffs here." There are no such instructions in this record.

"3. Errors of law occurring at the trial, duly excepted to." This is a sufficient assignment in a motion for a new trial, but is too indefinite as an assignment in a petition in error.

"4. The verdict is not sustained by sufficient evidence." The undisputed evidence in the record is that Mrs. Hubbell

Minick v. Huff

was the principal on the \$500 note, and that Mrs. Minick was her surety thereon; that such note had been reduced to judgment against Mrs. Hubbell as principal and Mrs. Minick as surety, and that such judgment had been paid by Mrs. Minick. There can then be no doubt but that the evidence sufficiently sustains the verdict and judgment as against Mrs. Hubbell. Mrs. Hubbell and Mr. Huff filed a joint motion for a new trial; the first ground of which was that "the verdict is not supported by sufficient evidence." The rule of this court is that a motion for a new trial is indivisible, and when made jointly by two or more parties, if it cannot be allowed as to all it must be overruled as to all. (*Long v. Clapp*, 15 Neb., 417; *Real v. Hollister*, 17 Neb., 661; *Boldt v. Budwig*, 19 Neb., 739; *Dunn v. Gibson*, 9 Neb., 513; *Dutcher v. State*, 16 Neb., 30; *Wiggenhorn v. Kountz*, 23 Neb., 690; *Dorsey v. McGee*, 30 Neb., 657.) We adhere to the rule announced in these cases. The assignment of error is that the verdict rendered against Huff and Hubbell is not supported by sufficient evidence. There is no assignment of error on the part of Huff alone that the verdict against him is not supported by sufficient evidence; and where two or more parties jointly assign as error that a verdict rendered against them is not supported by sufficient evidence, if the evidence supports the verdict rendered against either of them, the assignment of error will be overruled.

5. The final assignment is that the verdict and judgment are contrary to law. The uncontradicted pleading and proof, so far as Mrs. Hubbell is concerned, is that she was the principal and Mrs. Minick her surety on the \$500 note reduced to judgment and paid by Mrs. Minick and made the subject of her first cause of action, the one on which she recovered the judgment which it is alleged was contrary to law. There can then be no question but that this judgment against Mrs. Hubbell is not contrary to law. A surety who has paid the debt of his principal in order

to recover the amount so paid is not compelled to either plead or prove an express promise of the principal to reimburse such surety as the law implies such a promise. Subdivision 2 of section 8, chapter 32, Compiled Statutes of 1893, commonly called the "Statute of Frauds," provides that "every special promise to answer for the debt, default, or misdoings of another person" shall be void unless such agreement or some note or memorandum thereof be in writing and subscribed by the party to be charged therewith. If the judgment in this case against Huff is contrary to law, it must be because the promise made by him to Mrs. Minick to indemnify her for becoming the surety of Mrs. Hubbell on the \$500 note, not being in writing, is void.

The evidence tends to show that Huff made the promise of indemnity to Mrs. Minick as pleaded by her; that at that time he had a chattel mortgage upon Mrs. Hubbell's property; that he was in receipt of a monthly income from the hotel in which Mrs. Hubbell's property was used; that Mrs. Hubbell was largely in debt for rent, and that it was necessary for her to raise money to discharge the rent in order that the hotel might continue to run. The promise then of Huff was supported by a sufficient consideration. The promise of Huff was made to Mrs. Minick. It was not made to Southwick, Mrs. Hubbell's creditor. If Huff had performed his promise, its effect would have been to pay Mrs. Hubbell's debt to Southwick; but his purpose in making the promise was not so much to be responsible for the debt of Mrs. Hubbell to Southwick as it was to keep the hotel in operation, on the property of which he held a chattel mortgage, and to continue in receipt of the income from the operation of such hotel. The question then is: Was this promise of Huff's within the statute just quoted; that is, was it a promise on his part to answer for the debt of Mrs. Hubbell to Southwick, or was it an original promise on his part? Perhaps no statute ever

enacted has been so often before the courts as this statute of frauds; and the cases that have arisen and in which the courts have been called upon to say whether the promise made came within the statute are as various as the transactions of human affairs. Perhaps no general rule can be laid down that will afford a safe and correct test in all cases as to whether a promise is or not within the statute, and no such attempt will be made. The weight of authority, however, in this country sustains this rule: The verbal promise of A to B to indemnify him if he will become surety for C for a debt of the latter to D is not a promise on the part of A to answer for the debt of C, and is not within the statute. The following cases, and perhaps others, sustain the rule stated: *Sanders v. Gillespie*, 59 N. Y., 250; *Yale v. Edgerton*, 14 Minn., 194; *Goetz v. Foos*, 14 Minn., 265; *Horn v. Bray*, 51 Ind., 555; *Mills v. Brown*, 11 Ia., 314; *Garner v. Hudgins*, 46 Mo., 399; *Vogel v. Melms*, 31 Wis., 306; *Green v. Brookins*, 23 Mich., 48; *Potter v. Brown*, 35 Mich., 274; *Perley v. Spring*, 12 Mass., 296; *Chapin v. Lapham*, 37 Mass., 467; *Aldrich v. Ames*, 75 Mass., 76; *Atgar v. Hiler*, 24 N. J. Law, 812. These cases follow the doctrine of the English case, *Thomas v. Cook*, 8 Barn. & Cr. [Eng.], 728. On the other hand, such a promise is held to be within the statute in *Easter v. White*, 12 O. St., 219, and *Kelsey v. Hibbs*, 13 O. St., 340; and these cases and others like them follow the doctrine of the English case, *Green v. Crosswell*, 10 A. & E. [Eng.], 453. We think the cases first above cited as sustaining the rule are in accord with the weight of authority both in this country and in England, and we cheerfully follow those cases.

There is no error in the record and the judgment of the district court is

AFFIRMED.

**THEODORE L. VON DORN, PLAINTIFF IN ERROR AND
APPELLANT, V. FRED MENGEDOHT ET AL., DE-
FENDANTS IN ERROR AND APPELLEES.**

41	525
53	202
52	319
53	412
41	525
558	167

FILED JUNE 26, 1894. No. 6278.

1. **Damages for Breach of Builder's Contract.** Where a contractor agrees with the owner of real estate to furnish the material and labor and erect for him an improvement thereon, and such contractor voluntarily abandons the work before completion, the owner may charge the contractor with (a) the necessary costs of completing the improvement as the contractor agreed to complete it, (b) the amount of all payments made to the contractor on the contract, (c) the amount of all valid liens on the real estate for labor and material furnished the contractor and used by him in such improvement, and (d) the amount of actual damages the owner has sustained by reason of the contractor's default. The difference between the total of these items and the contract price is the measure of damages of both the owner and contractor. If such total exceeds the contract price, such excess is the amount the owner may recover of the contractor. If the contract price exceeds such total, such excess is the amount the contractor may recover from the owner.
2. **Builders' Contracts: TERMINATION: PARTIAL PERFORMANCE: COMPENSATION OF CONTRACTOR.** Where such a contract exists and the owner rightfully terminates the same by virtue of some provision therein authorizing him to do so upon the happening of certain contingencies, then the contractor is entitled to recover from the owner the actual benefit he has received from the contractor's partial performance; and this is found by ascertaining the reasonable worth of such partial performance appropriated or received by the owner at the time of such receipt or appropriation, and deducting therefrom payments made to the contractor, and the actual damages, if any, the owner has sustained by the contractor's default, if he has made one.
3. ———: **WRONGFUL TERMINATION BY CONTRACTOR: MEASURE OF DAMAGES.** Where such a contract exists and the owner wrongfully terminates the same or the contractor's employment thereunder before the completion of the improvement, the contractor's measure of damages is the reasonable value of his partial performance increased by all actual damages sustained by

Von Dorn v. Mengedoht.

him by reason of the owner's unjustifiable termination of the contract.

4. **Mechanics' Liens: SKILLED AND UNSKILLED LABOR.** The mechanics' lien law of this state makes no distinction between skilled and unskilled labor, and its policy is to insure to both classes remuneration for whatever they may do towards increasing the value of an owner's real estate by the erection of improvements thereon.
5. ———: **CLAIM OF ARCHITECT.** An architect, who furnishes drawings and plans for an improvement on real estate, and superintends the erection of such improvement in accordance with such plans, in pursuance of a contract with the owner, is entitled to a lien upon such improvement and the real estate upon which it is situate upon compliance with the mechanics' lien law of the state.
6. **Woman as Notary Public.** There is nothing in our constitution or laws that prohibits a woman from holding the office of notary public.
7. ———. The right of a woman to hold the office of notary public when she has been appointed and commissioned to such office by the governor can only be inquired into in a suit or proceeding brought against her for that purpose.
8. **New Trial: NEWLY DISCOVERED EVIDENCE.** A motion for a new trial on the ground of newly discovered evidence should be overruled, even if the evidence alleged to be newly discovered is competent under the pleadings, when it appears that the witness, by whom it is proposed to prove the facts alleged to be newly discovered, testified on the trial of the case, was examined by the applicant for a new trial, and no effort was made at that time to elicit the facts claimed to be newly discovered evidence. *Brandt v. Fitzgerald*, 36 Neb., 683, followed.
9. **Judgments: MOTION FOR NEW TRIAL: SUPERSEDEAS.** The pendency of a motion for a new trial does not supersede a decree or judgment rendered or stay the execution thereof.
10. **Judicial Sales: NOTICE.** A judicial sale occurred on the 25th of April. The first publication of the notice of such sale was made on the 21st of March. As thirty days intervened between the date of the first publication and the date of the sale, held, sufficient. *Carlow v. Aultman*: 28 Neb., 672, followed.

ERROR AND APPEAL from the district court of Douglas county. Heard below before IRVINE, J.

The facts are stated by the commissioner.

Kennedy, Gilbert & Anderson, for plaintiff in error and appellant:

The architect was not entitled to a mechanic's lien. (Comp. Stats., secs. 1, 3, ch. 54; *Bank of Pennsylvania v. Gries*, 35 Pa. St., 423; *Price v. Kirk*, 90 Pa. St., 47; *Bush v. Able*, 90 Pa. St., 153; *Foushee v. Grigsby*, 12 Bush [Ky.], 75; *Pennsylvania & D. R. Co. v. Leuffer*, 84 Pa. St., 168.)

Under the laws of Nebraska a female is not eligible to the office of notary public. (Comp. Stats., sec. 1, ch. 60; *Robinson's Case*, 131 Mass., 376; *Bradwell v. State of Illinois*, 16 Wall. [U. S.], 130.)

G. W. Covell, also for plaintiff in error and appellant.

J. W. West and *Estabrook & Davis*, contra:

Plaintiff was not entitled to a new trial on the ground of newly discovered evidence, for the reason that the proposed witnesses were sworn on the hearing, and the plaintiff had an opportunity to examine them. (*Fitzgerald v. Brandt*, 36 Neb., 683.)

The notice of judicial sale was sufficient. (*Carlow v. Aultman*, 28 Neb., 672.)

The architect is entitled to a lien. (Phillips, *Mechanics' Liens* [2d ed.], 158, and authorities cited; *Knight v. Norris*, 13 Minn., 473; *Parker v. Bell*, 7 Gray [Mass.], 432.)

RAGAN, C.

November 3, 1890, Theodore L. Von Dorn owned certain real estate in the city of Omaha and on that date a contract in writing was entered into between him and Frederick Mengedoht and Adam Feichtmayer, copartners, by the terms of which they, in consideration of \$18,540 to be paid them, agreed to furnish all material and labor

and construct for Von Dorn a building on his real estate, the same to be completed by April 1, 1891. This contract, amongst other things, provided that all material and labor used in the construction of such building should be first-class in every respect; that the building should be constructed according to certain plans and specifications made part of the contract; that "the contractor shall and will well and sufficiently perform and finish, under the direction and to the satisfaction of James McDonnell, architect, acting as agent of said owner, all the works, * . * agreeably to the drawings and specifications made by the said architect;" that the architect, or his representative, should superintend the work; that should the contractors at any time refuse or neglect to supply a sufficiency of properly skilled workmen or of material of the proper quality, or fail in any respect to prosecute the work with promptness and diligence, then, if the architect should certify that such refusal, failure, or neglect of the contractors was a sufficient reason therefor, that the owner should be at liberty to terminate the employment of the contractors and enter upon the premises, take possession of and complete the work. The contractors at once entered upon the performance of said contract and furnished a large amount of labor and material towards the construction of the building they had agreed to erect. Before April 1, 1891, Von Dorn discharged McDonnell as architect and superintendent and appointed one Field in his place; and having obtained a certificate from him to the effect that the material being used by the contractors in the erection of the building was not of the character or quality called for by the contract, and that the building was not being erected according to the plans and specifications, Von Dorn terminated the employment of said contractors, took possession of and finished the building himself. One Specht brought this suit in the district court of Douglas county to have established and foreclosed against Von Dorn's property a

Von Dorn v. Mengedoht.

mechanic's lien which he claimed for certain labor and materials furnished by him to the contractors, and used by them in the partial construction of Von Dorn's building. Von Dorn and wife, the contractors, McDonnell, and a large number of material-men were made defendants. The controversy here, however, concerns only Von Dorn, Mengedoht, and McDonnell. Mengedoht, having succeeded by assignment to all the rights of Mengedoht & Feichtmayer, copartners, filed an answer in the nature of a cross-bill, claiming judgment against Von Dorn and a lien upon his real estate for the value of the labor and materials furnished by Mengedoht & Feichtmayer under the contract of November 3, 1890. McDonnell also filed an answer in the nature of a cross-petition, claiming judgment against Von Dorn and a lien on his real estate for services as architect and superintendent of the premises. The answer of Von Dorn to the cross-petition of Mengedoht and the reply of the latter thereto put in issue between them the following questions of fact: First—Were the labor and materials furnished by Mengedoht & Feichtmayer, toward the construction of the Von Dorn building, of the character and quality called for by the contract? Second—Was the building, so far as completed, erected according to the plans and specifications? Third—Were Mengedoht & Feichtmayer, at the time Von Dorn terminated their employment, able, ready, and willing to complete the building according to their contract? In other words, was the termination of Mengedoht & Feichtmayer's employment by Von Dorn wrongful? The answer of Von Dorn to the cross-petition of McDonnell and the latter's reply thereto made this issue of fact, viz., was the discharge of McDonnell by Von Dorn wrongful? The district court referred the case to an able lawyer and two skilled builders as referees. These referees found all the issues of fact and law in favor of Mengedoht & Feichtmayer and against Von Dorn, and duly reported the same to the district court. Von Dorn

Von Dorn v. Mengedoht.

filed exceptions to the report, which were overruled, and judgment entered according to the findings and conclusions of the referees. The property was advertised and sold and the sale confirmed. Von Dorn brings the judgment rendered against him in favor of Mengedoht and McDonnell here on error, and from the decree of the district court confirming the sale made to satisfy the mechanics' lien judgments he appeals.

We will first dispose of Von Dorn's petition in error.

1. The first alleged error is assigned in the following language: "That in the hearing of said cause below divers and sundry errors occurred in the introduction of evidence notwithstanding the objections of the plaintiff in error, which evidence was immaterial, irrelevant, incompetent, and prejudicial to the plaintiffs in error, and excepted to by plaintiff in error at the time; all which fully appears in the bill of exceptions on file in this court." This assignment of error is too indefinite for review. We cannot look through a record for the purpose of ascertaining if it contains error. If a litigant is of opinion that a ruling of the district court was erroneous and prejudicial to him, he must set out in his petition in error the precise action of the district court which he claims was erroneous.

2. The second error is like unto the first, and assigned in substantially the same language, and what has already been said disposes of that assignment.

3. The third and fourth assignments of error are, in substance, that the findings of the referees are unsupported by sufficient evidence. The evidence as to the character of the material used and the labor performed by the contractors in their partial construction of Von Dorn's buildings, and the evidence as to the manner in which the work was done,—that is, as to whether it corresponded to the plans and specifications,—was conflicting. Two of the referees who passed upon this evidence were skilled builders, and the other referee was an able lawyer who had filled the office

of judge of the district court for a number of years. It is not claimed that either of these men were incompetent or partial. They heard and saw the witnesses testify. They examined the work that had been done by the contractors; and two of these referees at least were, by training and profession, possessed of qualifications for passing a more correct judgment upon the character of the work and the materials used therein than we are. These referees were far more competent to weigh the evidence before them and to say what conclusions such evidence warranted than we are; and a careful reading of the testimony in the case satisfies us that the findings of fact, and each of them, made by the referees are abundantly supported by the evidence.

4. The fifth assignment of error is that the judgment of the district court is contrary to the law of the case. We shall first examine this assignment with reference to the judgment in favor of Mengedoht. The argument, in effect, is that the referees in the district court adopted and applied an erroneous measure of damages in the controversy between Von Dorn and Mengedoht. The referees found that while Mengedoht & Feichtmayer were prosecuting the work of erecting the building according to their contract, and were ready, able, and willing to so complete it, that Von Dorn wrongfully terminated their employment and refused to permit them to complete the work. What, then, was Mengedoht's measure of damages? This question generally arises in suits growing out of contracts of the character of the one involved in this controversy in either one of three ways, viz., where the contractor voluntarily abandons the work, where the owner wrongfully refuses to permit the contractor to perform, and where the owner rightfully terminates the contract or the contractor's employment by virtue of some provision in the contract authorizing him to do so upon the arising of certain contingencies. The rules as to the measure of damages in such suits, between the owner and the contractor, in the class of cases just stated are as follows:

Von Dorn v. Mengedoht.

First—Where a contractor agrees with the owner of real estate to furnish the material and labor and erect for him an improvement thereon, and such contractor voluntarily abandons the work before completion, the owner may charge the contractor with (a) the necessary costs of completing the improvement as the contractor agreed to complete it, (b) the amount of all payments made to the contractor on the contract, (c) the amount of all valid liens on the real estate for labor and material furnished the contractor and used by him in such improvement, and (d) the amount of actual damages the owner has sustained by reason of the contractor's default. The difference between the total of these items and the contract price is the measure of damages of both the owner and contractor. If such total exceeds the contract price, such excess is the amount the owner may recover of the contractor. If the contract price exceeds such total, such excess is the amount the contractor may recover of the owner. Second—Where such a contract exists, and the owner rightfully terminates the same by virtue of some provision authorizing him to do so upon the happening of certain contingencies, then the contractor is entitled to recover from the owner the actual benefit he has received from the contractor's partial performance; and this is found by ascertaining the reasonable worth of such partial performance appropriated or received by the owner at the time of such receipt or appropriation, and deducting therefrom payments made to the contractor, and the actual damages, if any, the owner has sustained by the contractor's default, if he has made one. Third—But where such a contract exists and the owner wrongfully terminates the same or the contractor's employment thereunder before the completion of the work, the contractor's measure of damages is the reasonable value of his partial performance increased by all actual damages sustained by him by reason of the owner's unjustifiable termination of the contract. The referees found that the just and reasonable value of the labor done

and materials furnished by Mengedoht & Feichtmayer towards the erection of the building—that is, the reasonable value of their partial performance—was \$14,224, and for this sum the court gave Mengedoht judgment and a lien on the real estate and building of Von Dorn. This was correct. If there had been a finding supported by competent evidence that Mengedoht & Feichtmayer had sustained any other damages by reason of Von Dorn's wrongfully discharging them, they would have also been entitled to the amount of such damages; and it seems that such damages would have been the profits they would have made by the performance of their contract had they been allowed to complete the same.

Is the judgment in favor of McDonnell contrary to law? The referees found that by the contract between Von Dorn and McDonnell the latter was employed as an architect to prepare the plans, drawings, and specifications for the building and to superintend the construction of the same; that Von Dorn wrongfully discharged him, and that in pursuance of his contract he performed labor and services towards the erection of said building as were of the just and reasonable value of \$574.39, and that he was entitled, under the mechanics' lien law of the state, to a lien upon the real estate and the building of Von Dorn to secure its payment. This finding of the referees was approved by the court and McDonnell was given a judgment for the amount found due him by the referees and a mechanic's lien upon Von Dorn's property. The argument now is that this judgment of McDonnell's is contrary to law, because services performed by an architect in making plans, drawings, and specifications for an improvement on real estate and in superintending the construction of such improvement are not labor, within the meaning of section 1, chapter 54, Compiled Statutes, 1893, the mechanics' lien law. That section is as follows: "Any person who shall perform any labor * * * for the erection * * * of any

Von Dorn v. Mengedoht.

house * * * or building * * * by virtue of a contract * * * with the owner thereof * * * shall have a lien to secure the payment of the same upon such house, * * * building, * * * and the lot of land upon which the same shall stand," upon complying with the other requirements of the statute. There is some conflict in the reported decisions as to whether the services of an architect in drawing plans and specifications for an improvement on real estate and superintending the construction of such improvement are labor within the meaning of such a statute as this. It has always been the rule of this court to give this statute a liberal construction, and we see no good reason why we should depart from that rule in the present instance. The statute makes no distinction between skilled and unskilled labor, and its policy is to insure to both classes remuneration for whatever they may do towards increasing the value of an owner's real estate by the erection of improvements thereon. To make drawings, plans, and specifications for an improvement upon real estate and to superintend its erection in accordance with such plans and specifications are labor, within the ordinary meaning of that term, as much so as the painting, decorating, or polishing the floors of a building would be. We think, therefore, that an architect who furnishes drawings and plans for an improvement on real estate and superintends the erection of such improvement, in accordance with such plans, in pursuance of a contract with the owner, is entitled to a lien upon such improvement and the real estate upon which it is situate upon compliance with the mechanics' lien law of the state. (*Knight v. Norris*, 13 Minn., 473; *Stryker v. Cassidy*, 76 N. Y., 50.)

But it is contended that the judgment of the district court giving McDonnell a lien upon the property of Von Dorn is contrary to law for another reason, viz., that the oath made by McDonnell to "the account of items of labor" was administered by a person not authorized by

the laws of the state to administer oaths, and that, therefore, even if the services he performed entitled him to a lien, he never acquired one. It is said by counsel that this oath was administered to McDonnell by a notary public and that she was a female, and that the governor was not authorized to appoint and commission a female as notary public. There are several things to be said of this argument. In the first place, neither "the account of items," the mechanic's lien, nor the oath which it is said McDonnell took, nor the jurat of the notary public, nor the name of such notary are in the record. McDonnell in his cross-petition alleges that he made an account of the items of labor he furnished and that he made oath thereto. Von Dorn, in his answer to this cross-petition, does not deny these averments, and, of course, they stand admitted. There is nothing then before us by which we are enabled to review the error assigned. By section 1, chapter 61, Compiled Statutes, 1893, the governor is authorized to appoint and commission such number of persons to the office of notary public in each of the counties in this state as he shall deem necessary. The word "persons" in this statute is broad enough to include women, and we know of no constitutional provision or law that prohibits a woman in this state from holding the office of notary public; but whatever may be the correct interpretation of the statute, this woman was appointed and commissioned a notary public by the governor. She is then a public officer, and performing her duties as such, and we will not try her title to the office she holds in this proceeding. The right of a woman to hold the office of notary public under the laws of this state, when she has been appointed and commissioned as such officer by the governor, can only be inquired into in a suit or proceeding brought against her for that purpose. The judgments in favor of Mengedoht and McDonnell are neither of them contrary to law.

5. Finally, it is said the court erred in overruling the

Von Dorn v. Mengedoht.

motion of Von Dorn for a new trial made on the grounds of newly discovered evidence. The evidence which it is alleged was newly discovered is, in substance, that Mengedoht & Feichtmayer consented to and ratified Von Dorn's removal of McDonnell as architect and the appointment of Field in his place. In *Brandt v. Fitzgerald*, 36 Neb., 683, it was held that a motion for a new trial, on the ground of newly discovered evidence, was properly denied, although such evidence was competent under the pleadings in the case, where the witness who was to furnish the new evidence testified on the trial, was examined by the applicant for a new trial, and in which examination no effort was made to elicit any of the facts now claimed to be newly discovered evidence. Two of the witnesses by whom Von Dorn claims that he can prove the facts which he alleges constitute newly discovered evidence were witnesses on the trial of this case. True, Von Dorn sets out in his affidavit for a new trial that he did not know, until after the decree had been rendered herein, the witnesses would give such evidence. We do not see how this can possibly be true, as Von Dorn alleges that Feichtmayer met Field and Von Dorn at the house of the latter, after McDonnell had been removed, and at that meeting Feichtmayer agreed to the substitution of Field as architect. If this meeting occurred at Von Dorn's house, and in his presence, he certainly knew it as well when this suit was being tried as he did after the decree was rendered. He was aware of the knowledge in possession of Feichtmayer, and yet it does not appear that Von Dorn made any effort whatever to have Feichtmayer testify to what occurred at Von Dorn's house. In other words, it does not appear that Von Dorn, by the exercise of reasonable diligence, could not have discovered and produced at the trial the evidence which he now alleges is newly discovered. The assignment of error must be overruled. There is no error in the decree of the district court and the same is affirmed.

We next direct our attention to Von Dorn's appeal from the order of the district court confirming the sale made in pursuance of the decree rendered in this action. To reverse this order eight reasons are assigned :

1. The first, fourth, sixth, and seventh of which are, in substance, that an order for the sale of the property described in the decree was issued by the clerk of the district court while Von Dorn's motion for a new trial was pending and undecided. The record does not show that the order for the sale of the property was issued while the motion for a new trial was pending. The decree, in the record signed by the judge of the district court, recites that Von Dorn's exceptions to the report of the referees and his motion for a new trial were overruled on the 6th day of February, 1893, the date of the rendition of the decree; but the pendency of a motion for a new trial does not supersede a decree or judgment rendered or stay the execution thereof.

2. The substance of the second, third, and fifth reasons assigned for reversing this order are, in substance, that the sale was made after a bond had been filed by Von Dorn to supersede the execution of the decree. The decree was rendered on the 6th day of February, 1893. It was journalized or formally entered of record in the office of the clerk of the district court on the 23d day of February, 1893. The supersedeas bond of Von Dorn was filed on the 15th day of April, 1893, or more than twenty days after the rendition of the decree and its entry of record. If Von Dorn's object in filing this supersedeas bond was to appeal from the decree rendered, then the bond did not operate as a supersedeas, because not filed within twenty days after the rendition of the decree, as provided by section 677 of the Code of Civil Procedure. If his object in filing the supersedeas bond was to review the decree on error in this court, then the bond filed did not supersede the decree rendered until after the filing of his petition in

Patterson v. State.

error here, in accordance with section 590 of the Code of Civil Procedure; and the petition in error was not filed in this court until the 23d of June, 1893, and the sale was made on the 25th of April, 1893.

3. The final reason alleged for reversing the order confirming the sale is, that the first publication of the notice of sale was made on the 24th of March and the last publication on April 21. There is no merit in this contention. As already stated, the sale occurred on the 25th of April, and, as the first publication of the notice was made on the 21st of March, more than thirty days intervened between the date of the first publication and the date of the sale. This was sufficient. (*Carlow v. Aultman*, 28 Neb., 672.)

The order of the district court confirming the sale is affirmed. There is no merit whatever in this appeal and it appears to have been prosecuted solely for the purposes of delay. The decree rendered by the district court is in all things

AFFIRMED.

IRVINE, C., not sitting.

41	538
45	284

ALONZO PATTERSON V. STATE OF NEBRASKA.

FILED JUNE 28, 1894. No. 6075.

Criminal Law: EVIDENCE OF CHARACTER. Where a person accused of crime introduces evidence of his good character or reputation it is not competent for the prosecution to put in evidence specific acts tending to prove it to be bad. *Olise v. State*, 11 Neb., 1, followed.

ERROR to the district court for Custer county. Tried below before HOLCOMB, J.

Greene & Hostetter, for plaintiff in error.

George H. Hastings, Attorney General, for the state.

RAGAN, C.

Alonzo Patterson was convicted in the district court of Custer county of an assault with intent to commit rape. From the judgment pronounced against him upon such conviction he comes here on error. Of the errors alleged we notice only the following: On the trial Patterson introduced several witnesses whose testimony tended to show his previous good character or reputation for chastity. One of these witnesses, on cross-examination by the state, against the objection of Patterson, was permitted to testify that on the preliminary examination of the prisoner she heard a witness testify that Patterson had hired or attempted to hire him to get two negro wenches out in a cañon for him to have sexual intercourse with. This evidence was not only erroneous but highly prejudicial to the prisoner. In the first place it was not the best evidence of the alleged conduct of Patterson; and in the second place, this act of Patterson was not competent evidence against him in this case.

In *Olive v. State*, 11 Neb., 1, Olive was being tried for murder. During the trial a witness was called in his behalf and testified that Olive had the reputation of being a peaceable, law-abiding citizen. On cross-examination of this witness by the state he was asked if he had not heard of Olive having, on a certain occasion, drawn a revolver on someone, to which the witness gave an affirmative answer. The permitting of the witness to thus testify on cross-examination was assigned as error and the error sustained by this court. LAKE, J., delivering the opinion, said: "Where a person accused of crime introduces evidence of his good character or reputation it is not compe-

Gillilan v. Rollins.

tent for the prosecution in reply to put in evidence particular facts tending to prove it to be bad." This case and the rule laid down therein are decisive of the one at bar. The judgment of the district court is reversed and the cause remanded with instructions to grant the plaintiff in error a new trial.

REVERSED AND REMANDED.

JOHN J. GILLILAN ET AL. V. JOHN A. ROLLINS.

FILED JUNE 26, 1894. No. 5565.

1. **DAMAGES: STIPULATION OF AMOUNT FOR BREACH OF CONTRACT: CONSTRUCTION.** When parties to a contract stipulate that in case of a violation thereof the party making default shall pay to the other a stipulated sum, the courts will take the sum so fixed as the innocent party's measure of damages only when it appears that to do so will no more than compensate his losses.
2. ———: ———: ———. But in such case if the taking as the measure of damages the sum fixed in the contract to be paid for its breach will more than compensate the innocent party, the court will regard such sum as a penalty.
3. ———: ———: ———. It is not the policy of the law to punish a party for violating his contract, but to compel him to make good to others the losses they have sustained by his default.
4. ———: ———: ———: **LIQUIDATED DAMAGES OR PENALTY.** The courts, in determining whether a sum fixed by a contract to be paid for its violation is liquidated damages or a penalty, will take into consideration the subject-matter of the contract, the consideration on which it is based, the intention of the parties, and the language of the contract; but these facts, nor any of them, nor all of them, will not necessarily control the court's construction.

ERROR from the district court of Lancaster county.
Tried below before TIBBETS, J.

Leese & Stewart, for plaintiffs in error:

The sum stipulated to be paid on a breach of the agreement was intended between the parties as liquidated damages. The jury should have been instructed accordingly. (1 Pomeroy, Equity Jurisprudence [2d ed.], secs. 440-445; 3 Parsons, Contracts [8th ed.], p. 156; 2 Sedgwick, Measure of Damages [7th ed.], p. 243, note a; Bispham, Principles of Equity [4th ed.], sec. 179; *Chase v. Allen*, 13 Gray [Mass.], 45; *Cushing v. Drew*, 97 Mass., 445; *Grasselli v. Lowden*, 11 O. St., 349; *Gobble v. Linder*, 76 Ill., 157; *Peine v. Weber*, 47 Ill., 47; *Morse v. Rathburn*, 42 Mo., 594.)

Davis & Hibner, *contra*, cited: *Brennan v. Clark*, 29 Neb., 385; *Squires v. Elwood*, 33 Neb., 126.

RAGAN, C.

On the 29th day of December, 1888, John A. Rollins duly executed and delivered to John J. Gillilan and Aldridge D. Kitchen a writing obligatory, in words and figures as follows:

"I, John A. Rollins, of the city of Lincoln, Nebraska, for a good and valuable consideration, am held and firmly bound unto John J. Gillilan and A. D. Kitchen in the penal sum of five thousand (5,000) dollars, for the payment of which I bind myself, my heirs, administrators, and executors firmly by these presents, upon conditions as follows, to-wit: First—That I build the line of the Capitol Heights Street Railway Company on E street in the city of Lincoln, Nebraska, to Twenty-seventh street on or before May 1, 1889. Second—That I operate said railway for three years, from May 1, 1889, from said Twenty-seventh over said E street to the corner of Twelfth and O streets, in said city of Lincoln, giving at least one-half hour service from 7 o'clock A. M. to 7 o'clock P. M. each day, excepting Sundays, and on Sundays at least one hour

Gillilan v. Rollins.

service from 9 o'clock A. M. to 7 P. M. Third—That I commence operating said line on said E street on or before May 1, 1889. Therefore, if I, John A. Rollins, the above bounden, shall faithfully and fully perform and carry out all of the above conditions and agreements, then this obligation to be void; otherwise to remain in full force and effect.

“Witness my hand hereto subscribed this 29th day of December, 1888. JOHN A. ROLLINS.”

John J. Gillilan and Aldridge D. Kitchen brought this suit on this contract against John A. Rollins in the district court of Lancaster county, alleging in their petition, in substance, that at and before the time of the execution of said writing by said Rollins they were the owners of certain real estate laid out in an addition to the city of Lincoln; that the construction and operation of a street railway along and adjacent to their property and connecting it with the business portion of Lincoln would greatly enhance its value. For the purpose of procuring the operation and construction of such line of railway along and through their property the agreement quoted above was entered into between them and Rollins; that they were at the time engaged in the business of buying and selling real estate for profit; that they held the lots of their addition for sale; that they transferred and assigned to said Rollins forty-four shares of stock in said street railway company of the par value of \$4,400; that Rollins did not complete the street railway on E street to Twenty-seventh on or before May 1, 1889; that the service given by Rollins was not half hour service, but was very irregular; that the cars were not run on any schedule time, but would vary from one-half hour to six hours in making runs, and on many occasions the operation of the railway was wholly abandoned for days at a time; that on May 1, 1891, Rollins wholly abandoned and discontinued the operation of the railway; that by reason of Rollins' failure to perform

his contract their real estate had become less desirable for residences, and had greatly depreciated in value; that they had been deprived of opportunities to sell the same, and had been compelled to take back a large number of lots which they had already sold on the assurance that the street railway would be properly operated; and they prayed judgment against Rollins for the sum of \$15,000. The answer of Rollins to this petition was, in effect, a denial that he had in any respect violated his contract with the plaintiffs; that the street railway stock assigned by them to him was of any value whatever, and he further averred that he had fully and faithfully performed all the conditions of his agreement. Gillilan and Kitchen had a verdict for one dollar, and from the judgment pronounced thereon they prosecute to this court a petition in error. The eight errors assigned by them we notice as follows:

1. The third error alleged is in the following language: "The court erred in giving paragraphs 2, 3, 4, 5, and 6 of the instructions on its own motion." An examination of the record discloses the fact that one of the instructions excepted to was properly given, and the other instructions will not be reviewed for the purpose of ascertaining if the court erred in giving them or any of them.

2. The eighth error alleged is in the following language: "Error of law occurring at the trial." Under the well settled practice of this court, time and again announced, this assignment is too indefinite for review.

3. The fourth error assigned is as follows: "The court erred in refusing to give paragraph 2 of instructions asked by plaintiffs." That instruction is in the following language: "In this case you are instructed that if you find from the evidence that there has been a substantial breach of the condition of the bond on the part of the defendant, then you will find for the plaintiffs and fix the amount of their recovery at the sum of \$5,000." This instruction was framed upon the theory of counsel for plaintiffs in

error, that the sum of \$5,000 promised by Rollins in his bond to be paid to Gillilan and Kitchen in case he failed to keep his contract with them is not a penalty, but is in the nature of liquidated damages. In other words, the argument of counsel is that it was intended by the parties to this suit that in case Rollins failed to comply with his contract, he should pay that sum to Gillilan and Kitchen as compensation for the damages that they would or might suffer by reason of Rollins' default. We do not agree to this construction of this contract. The reported decisions in which contracts of this nature are construed are very numerous and the conclusions reached by the courts very conflicting, and it would subserve no useful purpose to collate or review these authorities. We think that the better rule, and the one supported by the weight of authority, is, when parties to a contract stipulate that in case of a violation thereof the party making default shall pay to the other a stipulated sum, the courts will take the sum so fixed as the innocent party's measure of damages, only when it appears that to do so will no more than compensate his loss; but if taking as a measure of damages the sum fixed in the contract to be paid for its breach will more than compensate the innocent party, the courts will regard the sum a penalty. It is not the policy of the law to punish a party for violating his contract but to compel him to make good to others the losses they have sustained by his default. The courts, in determining whether a sum fixed by a contract to be paid for its violation is liquidated damages or a penalty, will take into consideration the subject-matter of the contract, the consideration on which it is based, the language of the contract, and the intention of the parties; but these facts, nor any of them, nor all of them, will not necessarily control the court's construction. One is entitled to recover from another with whom he has made a contract, and which the other has violated, such damages as will put him in as good a position as he would have occu-

pied had the contract been performed; but he is not entitled to recover such damages as would make him a gainer by reason of the other party's violation of the contract. In *Brennan v. Clark*, 29 Neb., 385, MAXWELL, C. J., speaking of the construction to be placed by the courts on such contracts as the one here, said: "If the construction is doubtful, the agreement is considered as a penalty merely." This is doubtless a correct rule and we adhere to it; but there is nothing in the contract of Rollins, nor in the transactions out of which it grew, that causes us to doubt that the proper construction of this contract is the one placed thereon by the learned district court, and it accordingly follows that he did not err in refusing to instruct the jury as requested by the plaintiffs in error.

4. The fifth error is assigned in the following language: "The verdict is contrary to the first, second, third, fourth, fifth, and sixth instructions of the court as given." The first of these instructions was a statement of the issues on trial, and since the verdict of the jury can in no sense be said to be contrary to that instruction, and the assignment is that the verdict is contrary to all the instructions, the assignment must be overruled.

5. The sixth and seventh errors assigned here relate to a couple of questions propounded by the court to witnesses on the stand. It is said these questions were improper and immaterial. We do not think that they were either, nor that the district court committed any error whatever in asking them.

6. The first and second errors assigned are that the verdict is not supported by sufficient evidence, and is contrary to law. The testimony shows that Rollins did not complete the street car line by the 1st of May, 1889, as he contracted, but that it was completed some time about the 1st of June, 1889. The evidence as to the character of the street car service rendered was conflicting. The testimony of the plaintiffs in error tended to show that the cars were

Gillilan v. Rollins.

run at very irregular intervals, and that the trips were not half hour trips during the week, nor hour trips on Sundays, as the contract called for. The testimony on behalf of Rollins was a traverse of that of the plaintiffs in error as to the character of the street car service. The testimony on behalf of the plaintiffs in error tended to show that about the 14th of May, 1891, Rollins abandoned the operation of the street railway, while the testimony on his part tended to show that the cars were taken off only temporarily and that the road was in complete operation at the time of this suit. The evidence tends to show that between the date of the contract made with Rollins and the bringing of this suit that the property of the plaintiffs in error had greatly depreciated in value, but whether this depreciation was caused by the manner in which the street cars were operated was a question which went to the jury on conflicting testimony. In other words, the evidence on behalf of the plaintiffs in error tended to support their theory of the case, while the evidence on behalf of Rollins tended to support his theory. The verdict of the jury must be taken to mean that the jury awarded the plaintiffs in error nominal damages for the failure of Rollins to complete his road by May 1, 1889, and that the plaintiffs in error had sustained no damages by reason of the failure of Rollins to operate his road and render the character of street car service as promised in his contract. We cannot say that this verdict is either not supported by sufficient evidence or contrary to law. The judgment of the district court is

AFFIRMED.

**BURLINGTON VOLUNTARY RELIEF DEPARTMENT OF
CHICAGO, BURLINGTON & QUINCY RAILROAD COM-
PANY V. ANNA E. WHITE.**

41 547
41 562

FILED JUNE 26, 1894. No. 5226.

**1. Mutual Insurance Associations in Connection with
Railroad Companies: MEMBERSHIP: ASSESSMENTS: ES-**

TOPPEL: WAIVER OF REQUIREMENTS: LIABILITY OF INSURER.
A relief department, in the nature of a mutual insurance association, was maintained in connection with a railroad company. The members of the relief department were employes of the railroad company. By their contract of membership they authorized the company to withhold from their wages certain sums to provide a fund for the payment of benefits in the case of sickness or death of members. The railroad company contracted to make up any deficiencies in the funds so provided. It also furnished the clerks and other employes for conducting the affairs of the department. The department was under the general management of a superintendent and subject to the supervisory control of an advisory committee. The by-laws of the department required an employe who desired to become a member to make application in a prescribed manner and submit himself to a physical examination. His application was then subject to the approval of the superintendent. W. was an employe of the railroad. July 21 he expressed to a soliciting agent of the department his desire to become a member. The agent gave written notice of W.'s application to the superintendent of the department, the paymaster of the road, and W.'s superior officer in the employ of the road. This notice specified July 21st as the day when the application was to take effect. July 22d W. was taken sick. No application was made in the form prescribed by the by-laws and no physical examination was had. No demand was made upon W. either for such application or for such examination. W.'s name was placed upon the roll of members of the department, and from the July pay roll there was deducted by the company for the benefit of the department the assessment due from W. on the basis of membership from July 21st to September 1st. On August 7th the officers of the department were notified of W.'s disability. September 19th the superintendent wrote to W.'s superior officer, stating that W. was not a member of the department; that his contribution should be refunded by time check, and that the notice of disa-

bility should be canceled. September 20th an instrument called a "time check" was tendered to W. and by him refused. A few hours thereafter W. died. *Held*, (1) That the department, by causing to be deducted from W.'s pay assessments on the basis of membership with knowledge of the fact that no formal application had been made and no examination had, was estopped from disputing W.'s membership; (2) that the fact that the relief department was a mutual insurance company did not relieve it from the operation of the rules of equitable estoppel; (3) that all of the transactions being with the knowledge of the superintendent of the department, there was no question of the authority of subordinate employees to waive requirements, their acts being in such case the acts of the department; (4) that the department was not relieved from liability because of a rule which provided that where an employe had made a proper application and passed a physical examination the department should only be liable during a delay in the approval of his application for injuries or death caused by accident. The department, under the facts stated, was estopped not only from denying that there had been an application and examination, but from denying that the application had been approved; (5) that the tender of the time check before W.'s death did not release the department from liability, first, because it was not a legal tender; and second, because liabilities had already accrued against the department from which it could not discharge itself by refunding the assessment.

2. —: RULES OF DEPARTMENT: DECISION OF SUPERINTENDENT: RIGHTS OF BENEFICIARIES: ACTIONS. A rule of the department providing that all questions or controversies arising between any parties or persons in connection with the relief department or operation thereof, whether as to the construction of language, or the meaning of regulations, or as to any right, decision, or act in connection therewith, should be submitted to the determination of the superintendent, whose decision should be final, subject, however, to an appeal to the advisory committee, did not prevent the maintaining of this action, for the reasons (1) that in disclaiming W.'s membership before his death the superintendent was not acting judicially after a hearing of a controversy upon the subject, but was acting in an administrative capacity on behalf of the department alone; and (2) that this was not a controversy with the department as to transactions between it and a member, but was an action by the widow after W.'s membership had ceased to enforce a liability accruing to her. *Railway Conductors Mutual Aid & Benefit Association v. Loomis*, 43 Ill. App., 599, followed.

Burlington Voluntary Relief Department v. White.

3. ———: BENEFICIARIES. No beneficiary having been designated by W., the rules of the department construed and held to constitute W.'s widow his beneficiary.

ERROR from the district court of Cass county. Tried below before CHAPMAN, J.

The facts are stated in the opinion.

Marquett & Deweese, John H. Ames, and Byron Clark, for plaintiff in error:

There was no beneficiary named, and the wife had no right to bring this suit. (Bacon, *Benefit Societies & Life Insurance*, sec. 241, and cases cited; Niblack, *Mutual Benefit Societies*, sec. 166a; *Esty v. Clark*, 3 Am. Rep. [Mass.], 320, and cases cited.)

It was error to instruct the jury that a person could become a member in a manner different from that prescribed by the association. (*Clevenger v. Mutual Life Ins. Co.*, 2 Dak., 114; Niblack, *Mutual Benefit Societies*, sec. 69.)

Retention of premium does not constitute a contract, but the application must be accepted before the minds of the parties meet, which is a necessary condition to completion. (*Alabama Gold Life Ins. Co. v. Mayes*, 61 Ala., 163; *Heiman v. Phoenix Mutual Life Ins. Co.*, 17 Minn., 153; *Taylor v. Merchants Fire Ins. Co.*, 9 How. [U. S.], 390; *Supreme Lodge Knights and Ladies of Honor v. Grace*, 60 Tex., 570; *Covenant Mutual Benefit Association v. Conway*, 10 Brad. [Ill. App.], 348.)

The officers of a mutual insurance company cannot waive by-laws which relate to the substance of a contract. (*McCoy v. Roman Catholic Mutual Ins. Co.*, 25 N. E. Rep. [Mass.], 289, and cases cited; *Bolton v. Bolton*, 73 Me., 299; *Sweet v. Citizens Mutual Relief Society*, 78 Me., 541; *Baxter v. Chelsea Mutual Fire Ins. Co.*, 1 Allen [Mass.], 294; *Evans v. Trimountain Mutual Fire Ins. Co.*, 9 Allen [Mass.], 329; *Burland v. Northwestern Mutual Benefit Association*, 11 N. W. Rep. [Mich.], 269.)

Officers cannot waive medical examination when the rules require it. (*Lyon v. Supreme Assembly Royal Society of Good Fellows*, 26 N. E. Rep. [Mass.], 236, and cases cited.)

Plaintiff in error did not waive requirements by inaction of its officers after receiving notice that the deceased intended to make application. (Bacon, Benefit Societies & Life Insurance, secs. 268, 270; *Globe Mutual Life Ins. Co. v. Snell*, 19 Hun. [N. Y.], 561; 1 Parsons, Contracts, 550; *Real Estate Mutual Fire Ins. Co. v. Roessle*, 1 Gray [Mass.], 336; *Misselhorn v. Mutual Reserve Fund Life Association*, 30 Fed. Rep., 545.)

Words of the by-laws become part of the contract and must receive the ordinary interpretation put upon contracts containing them. (*Wiggin v. Knights of Pythias*, 31 Fed. Rep., 124; *Rood v. Railway Passenger & Freight Conductors Mutual Benefit Association*, 31 Fed. Rep., 62.)

The following authorities are referred to on the question of estoppel: 2 Hermann, Estoppel, secs. 20-749; *Pickard v. Sears*, 6 Ad. & El. [Eng.], 469; 2 Pomeroy, Equity Jurisprudence, sec. 812.

Matthew Gering, for defendant in error:

The plaintiff in error is not entitled to have the rulings on evidence reviewed, for the reason that the errors complained of in its brief are not specifically pointed out in the petition in error. (*Lowe v. City of Omaha*, 33 Neb., 587; *Lowrie v. France*, 7 Neb., 192; *Tagg v. Miller*, 10 Neb., 442; *Birdsall v. Carter*, 11 Neb., 143.)

The company may waive the making of a formal application, and may make a valid contract of insurance, either by parol or in writing, without such application. (*Blake v. Exchange Mutual Ins. Co.*, 12 Gray [Mass.], 265; *Liberty Hall Association v. Housatonic Fire & Marine Ins. Co.*, 7 Gray [Mass.], 261; Bacon, Benefit Societies & Life Insurance, sec. 427.)

The acceptance by the association of the assessments and premium is a waiver of the requirements relating to application and medical examination, and estops it from disputing the membership of deceased. (*Millard v. Supreme Council American Legion of Honor*, 22 Pac. Rep. [Cal.], 864; *Stylo v. Odd Fellows Mutual Ins. Co.*, 34 N. W. Rep. [Wis.], 151; *Schunck v. Gegenseitiger Wittwen und Waisen Fond*, 44 Wis., 369; *Erdmann v. Mutual Ins. Co.*, 44 Wis., 376; *Matt v. Roman Catholic Mutual Protective Association*, 30 N. W. Rep. [Ia.], 799; *Roswell v. Equitable Aid Union*, 13 Fed. Rep., 840; *Bloomington Mutual Life Benefit Association v. Blue*, 11 N. E. Rep. [Ill.], 333; *Tobin v. Western Mutual Aid Society*, 33 N. W. Rep. [Ia.], 664; *McDonald v. Supreme Council*, 20 Pac. Rep. [Cal.], 41; *United Brethren Mutual Aid Society v. Schwartz*, 13 Atl. Rep. [Pa.], 769.)

IRVINE, C.

There is maintained in connection with the Chicago, Burlington & Quincy railroad and certain allied companies what is called "The Burlington Voluntary Relief Department," which is the plaintiff in error. This voluntary association is somewhat in the nature of a mutual benefit society, paying to its members stipulated sums during disability caused by sickness or accident, and paying to designated beneficiaries certain sums upon the death of members. The members are employees of the railroad companies operating the department. The employing railroad company contracts to make up deficiencies in the relief fund for the payment of losses accruing to those employees. It also furnishes clerks and other employees to conduct the affairs of the department. The department has a superintendent charged with the general conduct of its business, but subject to the supervisory control of an advisory committee, consisting of the general manager of the Chicago, Burlington & Quincy railroad, certain members chosen by the di-

Burlington Voluntary Relief Department v. White.

rectors of that road, and other members chosen by employes of different divisions of the road who are members of the department. The method prescribed for obtaining membership is for the employe to make an application upon a form prescribed by the by-laws and submit himself to a physical examination by an examiner appointed by the department. His application is then passed upon by the superintendent, and if approved a certificate of membership is issued. The principal source of income is by deducting specified amounts monthly from the wages of the members. The railroad company makes this deduction and retains the fund, paying interest to the department upon monthly balances in its hands. These are the general features, to some of which it will be necessary hereafter to refer more specifically.

Landon T. White was in 1890 employed as an engineer by the Chicago, Burlington & Quincy Company. On July 21 of that year he met a soliciting agent of the department, also an employe of the company, and suggested to him his desire to become a member of the department. The agent then filled out, in triplicate, a printed form used for the purpose, headed "Notice of Application for Membership," stating the applicant's name, date at which application was to take effect, applicant's occupation, age, wages, and the class of membership to which he desired to be admitted. On this form the date at which the application was to take effect was stated as July 21, 1890, the day the form was filled and dated. One of these forms was sent to the superintendent at Chicago, one to the paymaster, and one to the superintendent of motive power. The following day White was taken sick. Upon a subsequent day the medical examiner called at his house, but testified that finding White not in a physical condition to make the examination none took place. According to Mrs. White some kind of an examination was made, but its nature does not appear. On August 7th the employe of the company charged with that duty filled out another form in triplicate, entitled

Burlington Voluntary Relief Department v. White.

"Notice of Disability," the contents being indicated by the title, sent one form to the department physician, one to the superintendent of motive power, and one to the superintendent of the relief department. In the meantime White's name had been placed on a roll of members of the relief department and from the pay roll for July there had been deducted from the wages of White by the officer charged with that duty \$4.10, being an assessment upon White for all of August and for that portion of July following the 21st. On September 19 the superintendent of the department wrote to the superintendent of motive power as follows:

"CHICAGO, ILL., September 19, 1890.

"*Mr. D. Hawkesworth, Supt. Motive Power, Plattsmouth, Neb.*—DEAR SIR: L. T. White, engineman, Plattsmouth, made preliminary application on form 3 July 21 for membership in the fourth class, to take effect July 21, and was taken sick on July 22, as per form 8, No. 15753, issued by J. E. Barwick, before medical examination could be made. Mr. White is not a member of the fund, and the contribution of \$4.10 deducted on the July roll should be refunded him at once by time check. Will you please see that this is done, also that the form 8 is canceled.

"Yours truly, J. C. BARTLETT, *Supt.*"

On the 20th an employe was sent to White's house, where he made a tender of what is designated a "time check." This was on a printed blank, in form a certificate signed by the master mechanic of an amount due for labor for a specified time; but taking this document as it was written it reads as follows:

"BURLINGTON & MISSOURI RIVER RAILROAD COMPANY
IN NEBRASKA.

"(C. B. & Q. R. R. Co., OWNER.)

"PLATTSMOUTH, NEB., Sept. 20, 1890.

"L. T. White has worked for this Company Relief Dept. C. R. in month of September.

"Amount due, four dollars & $\frac{10}{100}$ (\$4.10).

"D. HAWKSWORTH, *Master Mechanic*.

"S. W. DUTTON."

This was refused by White and his wife. A few hours afterwards White died. No application according to the form prescribed had ever been made by White, and it may be assumed that there had been no physical examination. The defendant in error is White's widow and she brought this action to recover the amount of the death benefit.

A portion of the argument is addressed to the rulings of the court on the admission of evidence. It has been so frequently decided that such rulings will not be reviewed in the absence of specific assignments in the petition in error calling attention to the particular rulings complained of, that it is unnecessary to cite those decisions. There is no assignment in the petition in error herein of the character required to present any of these questions for review. This leaves the case to be determined practically upon a consideration of the instructions given and refused. The court charged the jury quite at length and refused nine of the instructions asked by the defendant below. One so requested was given with modification, but the transcript is in such shape that it is impossible to determine in what the modification consisted, and it is only by the exceptions noted on the margin that we ascertain that there was any modification. Fortunately for the ends of conciseness, the case is presented in such a manner that it becomes unnecessary to review the instructions in detail. The burden of the instructions excepted to was to the effect that if the jury should find that a verbal application for insurance was made, that the deceased was not called upon to make a written application; that he was not called upon to submit to a physical examination; that he had not agreed as a condition to his insurance to submit to such examination; that the relief department had taken from his pay the assessments due from a member and had retained the same,

then that these facts would estop the department from denying his membership and would constitute a waiver of the written application and physical examination. The jury was furthermore instructed that the tender of the time check was not a sufficient tender of a return of the assessment withheld. The effect of the instructions requested and refused was that by the by-laws of the department the assessments were to be made in advance; that the application for membership must be made according to the form prescribed; that a physical examination must take place and thereafter the application must be approved by the department before the applicant should become a member; that the applicant was bound by all the conditions of the constitution and by-laws. Under the evidence in the case the instructions asked by the defendant amounted practically to an instruction to find for the defendant, and the instructions given practically amounted to an instruction to find for the plaintiff. We may, therefore, consider the questions presented generally, without reference to the specific instructions.

We think that upon every principle of equity the court took the correct view of the law. The notice of application was transmitted by the soliciting agent to the superintendent of the relief department, notifying that officer of White's desire to become a member. It was also sent to White's immediate superior as an employe of the railroad company, for what purpose is not so clear, but from the testimony evidently, in part at least, for the purpose of enabling clerks in that department to keep their records upon the basis of White's membership in the department. A third copy was sent to the paymaster evidently for use in connection with the collection or rather withholding of assessments. The department certainly had notice of his application. His name was entered upon a membership roll of the department with a statement that his application took effect July 21, 1890. Upon the subject of as-

assessments the rules are as follows: "Contributions will be due on the first day of the month and will, ordinarily, be deducted from the members' wages from the pay roll of the preceding month." "The contribution for a month or any unexpired part of a month in which an application takes effect shall be made on the pay roll for that month, together with the contribution for the following month." "A member shall not make contribution for any time during which he is entitled to benefits except for the month in which the disability begins." The deduction was made in accordance with these rules from White's pay, contribution for the fraction of July and the whole of August being taken from the July pay roll. The only right which the company could claim for withholding these assessments from the members' pay, and the only right which the department could claim for receiving them, is derived from a clause of the application, which is a part of the by-laws, whereby the company is authorized to withhold such moneys. The application also is required to specify the date when it is to take effect. Another provision of the by-laws is that if the application is approved it shall take effect on the date specified therein. We have here, then, this association, acting through the same officers as the railroad company, or, in other words, the railroad employees acting under authority of the association, receiving notice of White's application for membership and that it was to take effect on July 21. We have them deducting from his pay assessments from July 21, their sole right to do so being by virtue of White's being a member of the department. We have them holding this money until the day before his death, when an effort is made to disclaim his membership and refund his contribution by the tender of a paper which was neither money nor a promise to pay money. In a case unincumbered by the technicalities of the law of insurance there could be little doubt that a party so conducting itself would be estopped from denying lia-

bility. While the authorities are very numerous in regard to contracts of mutual insurance and in regard to benefit associations, but little light is derived from them in the solution of the questions here presented. The cases are nearly all inapplicable, because of the peculiar constitution of this association. Most of the mutual benefit associations perform social functions or are such organizations that the insurance is only an incident of the membership. There, the question as to whether one is or is not a member must be solved with a view to other objects of the association. In the case of mutual insurance companies, every payment is voluntarily made by the member and may be with the express or implied understanding that its payment is merely conditional. Here, while the assessments are termed voluntary contributions, they are only voluntary in the sense that an employe of the railroad may enter the association or not as he sees fit. If he elect to enter, he must in so doing give to his employer and the association the power to seize the assessments without any further exercise of his own volition. White did not voluntarily make a payment in connection with his application, knowing that the money might be held for some time and then his application refused; but the department seized his money, and its act in doing so was wrongful, unless by becoming a member he had given the department the right to take it. By its own acts it subjected him to the obligations of membership, and it cannot deny him its privileges.

It is urged in argument that White's application had simply been delayed by reason of his sickness, and inaction for that reason would not estop the department. If there had been merely inaction the case would not be difficult, but there was very decided action on the part of the department. It seized White's money, which it had no right to do unless he was a member, and retained it until a loss occurred and for some six weeks after notice of his sickness. If I give to another authority to take my property

in consideration of certain agreements by him to be performed, and he goes and seizes my property and retains it, it is not difficult to determine that he should not be permitted to disclaim liability upon his agreement. He cannot receive the fruits of his contract and reject its burdens. We know of no principle of law exempting a mutual insurance company from the operations of such an estoppel. If there were authority to that effect, we would not recognize it. The doctrine of estoppel is based upon the requirements of morals and conscience, obligations which even mutual insurance companies should recognize. But it is said that White did not alter his condition in reliance upon the acts of the department and that, therefore, the principle of equitable estoppel does not apply. We presume that counsel do not think that his parting with a portion of his pay was an alteration of his position. Generally, the payment of money is sufficient as an act of reliance to render an estoppel operative, and we do not think that the amount of money paid affects the case. Next it is said that neither the soliciting agent nor different clerks who took part in the transactions had authority to waive compliance with the by-laws of the association. We need not inquire into the special authority of subordinate employees. The evidence shows that every material fact was speedily communicated to the superintendent who was charged with the general management of the business and had authority to approve or reject applications. This is true except as to the entry of White's name upon the roll of members; but this we consider, in the light of the evidence, an immaterial fact, except as such entry may have led to the withholding of White's pay. The superintendent's power was general; his knowledge was that of the department; his acts were those of the department. We think, so far, there was a complete case of estoppel made out and the court's instructions were fully warranted.

Much stress is placed upon rule 49 of the department,

whereby it is provided that an employe who has passed a satisfactory medical examination and has made a proper application for membership shall, notwithstanding the delay in examining his application, be entitled to the benefits and subject to the obligation of membership; but shall in the meantime be entitled only to benefits on account of injury or death caused by accident. The objection to applying this rule is that White was not within its provisions. This was not the case of a delay after a proper application and medical examination where the application would bind him by all its terms, but the case of the department treating White as a member, seizing a portion of his pay in a way only authorized under such circumstances, and thereby estopping itself from setting up that there had not been an application and examination and approval on the 21st of July. The department cannot invoke this rule without admitting that there had been both an application and an examination. The facts, indeed, require it to admit this much, but require it to admit more, that is, that the application had been accepted. But little is required to be said as to the effect of the department's attempt to refund the so-called contribution to the defendant before White's death. Perhaps the company recognized such a document as we have above set forth as an instrument for the payment of money. Certainly no one else would so recognize it, and even if money had been tendered it would be extremely doubtful whether a tender made to a man upon his death bed, within a few hours of final dissolution, would amount to a valid tender in any case. Certainly in this case, White's money having long before been taken and the disability having already accrued by which he became entitled to compensation by the department, he was not then required to accept a return of his money in lieu of a discharge of the obligations already incurred by the department.

A section of the rules of the department provides that all questions or controversies of whatsoever character arising

Burlington Voluntary Relief Department v. White.

in any manner or between any parties or persons in connection with the relief department or operation thereof, whether as to the construction of language or the meaning of the regulations of the relief department, or as to any right, decision, instruction, or acts in connection therewith, shall be submitted to the determination of the superintendent of the department, whose decision shall be final and conclusive, subject to the right of appeal to the advisory committee. Based upon this rule the defendant requested an instruction that if the jury believed that the superintendent had passed upon this claim and rejected the same, such decision was conclusive unless an appeal had been taken to the advisory committee. This instruction was properly refused. We have no doubt of the power of members of voluntary associations to restrict themselves, at least as to matters incidental to the operation of the association, to remedies before tribunals created by the association. It is only to this extent that the rule seems to apply. It certainly does not apply to this case. In the first place, while the superintendent, immediately after notification of White's death, did write a letter denying White's membership, there was no hearing before him. In so doing he was acting as the executive officer of the association in disclaiming liability, and was not judicially examining and determining a controversy between the association and one of its members. In the next place, we fail to see how the association, while denying White's membership, can invoke the protection of a rule necessarily affecting members alone. Finally, this was not a controversy arising during White's membership. His membership terminated with his death. Mrs. White's rights were then complete. She had no voice in the management of the association, and her interests were adverse thereto. She was not, and could not be, bound by the decision of the officers of the association. This was the view taken in the opinion of Judge Gary in *Railway Conductors Association*

v. Loomis, 43 Ill. App., 599. The supreme court of Illinois reversed Judge Gary's judgment, but upon an entirely different point. (*Railway Conductors Association v. Loomis*, 32 N. E. Rep. [Ill.], 424.

Finally, it is contended that the widow was not the beneficiary and cannot maintain the action. The application in the by-laws contains the following: "Death benefits shall be payable to — (here designate the beneficiary or beneficiaries), or to such other person or persons as I shall subsequently designate in writing in substitution thereof, * * * otherwise to my wife." To this form there is a foot-note as follows: "If no beneficiary is designated, a line will be drawn through the blank space and through the following words beginning 'or such other person or persons' and ending and including the words 'otherwise to.'" White not having designated a beneficiary, his application, if one had been filed, would read under this by-law "death benefits shall be payable to my wife." It is clear that the contract of the department is to pay the death benefit, where no beneficiary is named, to the wife of a member, if he have one, and Mrs. White was, therefore, the proper person to maintain the action.

JUDGMENT AFFIRMED.

BURLINGTON VOLUNTARY RELIEF DEPARTMENT OF THE
CHICAGO, BURLINGTON & QUINCY RAILROAD COM-
PANY V. ANNA E. WHITE, ADMINISTRATRIX.

FILED JUNE 26, 1894. No. 5356.

**Mutual Insurance Associations in Connection with Rail-
road Companies: MEMBERSHIP: ESTOPPEL: WAIVER.** The
questions presented by this case being substantially the same as
those decided in *Burlington Voluntary Relief Department v. White*,
41 Neb., 547, the judgment is affirmed for the same reasons.

ERROR from the district court of Cass county. Tried below before CHAPMAN, J.

Marquett & Deweese, John H. Ames, and Byron Clark,
for plaintiff in error.

Matthew Gering, contra.

IRVINE, C.

This case is based upon the same state of facts as that of *Burlington Voluntary Relief Department v. White*, 41 Neb., 547, just decided. Here Mrs. White, as administratrix, sues to recover the disability benefits which accrued to White before his death. The trials were separate, and there are some differences in the evidence and in the instructions, but none of them is material. The cases were submitted upon the same briefs, and it is recognized by the parties that upon the principal questions involved the same considerations must control both cases.

Upon an examination of rules 54 and 55 of the association it is perhaps doubtful whether, in the case of the death of a member at a time when disability benefits have accrued, those benefits do not become consolidated with the death benefit and payable to his beneficiary rather than to his personal representative. We do not understand, however, that counsel contend for this construction, nor do we find that the question is raised by the record.

JUDGMENT AFFIRMED.

THADDEUS J. FOLEY, APPELLEE, v. WILLIAM M.
HOLTRY, APPELLANT.

FILED JUNE 26, 1894. NO. 5446.

1. **Pleading: ESTOPPEL.** A party is estopped from denying the truth of averments in his own pleadings.
2. **Estoppel: EXCHANGE OF STOCK OF CORPORATION FOR LAND: FRAUD: RESCISSION: RATIFICATION; EQUITY.** Where stock in a corporation had been exchanged for land and the person receiving the stock learned that the representations inducing him to make the exchange were false, and thereafter, without notifying the other party of any intention to rescind, knowingly permitted such other party to make valuable improvements upon the land, and in the meantime acted as a director of the corporation and took part in its affairs, *held*, that these acts constituted an election to abide by the contract and deprived him of the right to seek rescission in equity.

APPEAL from the district court of Lincoln county.
Heard below before CHURCH, J.

Grimes & Wilcox, for appellant.

E. J. Hainer, B. I. Hinman, and T. Fulton Gantt, contra.

IRVINE, C.

In February, 1890, the defendant Holtry was the owner of two hundred shares of stock in the North Platte Milling & Elevator Company. Foley was the owner of certain real estate in North Platte, which has been referred to generally in the record as the Spruce street property. On February 24, 1890, Holtry transferred the stock to Foley and received in exchange a conveyance of the Spruce street property and \$1,500 in cash. In January, 1891, Foley began this action to rescind the contract and conveyances because of alleged false representations made by Holtry to Foley inducing the transfer. There was a general finding

41	563
43	35
41	563
44	494
41	563
48	867
41	563
53	737

for the plaintiff and a decree requiring the reconveyance of the Spruce street property and rendering judgment for \$1,000 for the plaintiff, coupled with an order for the re-transfer of the stock to the defendant.

The defendant, in his amended answer, pleads that between the first days of May and October, 1890, he improved the Spruce street property, expending \$1,500; that the plaintiff stood by and saw defendant making such improvements and made no objection thereto; that on March 1, 1890, plaintiff was elected a director of the elevator company and that he filled and occupied such office, taking an active interest and part in the management of the business, until the bringing of this action. The reply admits that the defendant made improvements on the property, but alleges that they were made before plaintiff learned of the falsity of the representations alleged in the petition. The reply also avers that the cost of the improvements did not exceed \$1,300, of which \$1,000 remained unpaid and a lien on the property. We think there was no delay in bringing this action, which of itself would bar the plaintiff from relief. Our statute provides the period of four years after the discovery of the fraud for instituting an action to obtain relief therefrom, and in the absence of special circumstances it is probable that a plaintiff would not be barred from relief for inaction during that period. It is also a recognized principle that an equitable estoppel will not operate where the party seeking the benefit of the estoppel knew the facts by virtue of which the estoppel was claimed. (*Nash v. Baker*, 37 Neb., 713; 2 Pomeroy, Equity Jurisprudence, sec. 810.)

We find, however, a somewhat different question presented. The petition and the amended petition state distinctly that "as soon as plaintiff discovered that such representations were false, to-wit, on or about the 30th day of April, 1890, and at several times since," plaintiff applied to defendant and tendered back the stock transferred and

requested a reconveyance. The plaintiff introduced evidence tending to show that this averment had been made after a hasty consultation and because of a misunderstanding between him and his attorney, but no amendment was made, nor was there any application made to amend the petition in this regard. The plaintiff is therefore estopped by his averment, and it must be taken as admitted that he had knowledge of the fraud alleged on April 30, 1890. The uncontradicted evidence shows that the defendant did not begin the improvements until May; that the property was so situated that the plaintiff had knowledge of the commencement and progress of the improvements; in fact the plaintiff does not deny this. Although the plaintiff may have become aware of the fraud in April, we do not think that his mere inaction until the following January would deprive him of the right to rescind, especially as it does not appear that he was in possession of evidence sufficient to sustain the action until a much later time; but it is a well recognized principle that a party who has been led into a contract by false representations has two courses open to him. He may rescind the contract, or he may let it stand and bring his action for damages. It is equally well established that if he elect to rescind, he must act promptly on the discovery of the fraud, and, in the language of Pomeroy (2 Equity Jurisprudence, 965), "when a party, with full knowledge, or at least with sufficient notice or means of knowledge, of his rights, and of all the material facts, freely does what amounts to recognition of the transaction as existing, or acts in a manner inconsistent with its repudiation, or lies by for a considerable time and knowingly permits the other party to deal with the subject-matter under the belief that the transaction has been recognized, or freely abstains for a considerable length of time from impeaching it, so that the other party is thereby reasonably induced to suppose that it is recognized, there is acquiescence, and the transaction, although origi-

nally impeachable, becomes unimpeachable in equity." Applying this rule, we have Mr. Foley admitting in the record that he knew of the fraud April 30, 1890. We have him, with that knowledge, permitting Holtry to make valuable improvements on the premises conveyed to him without in any manner informing Holtry of his intention to rescind; for there is not a particle of evidence to substantiate the plea of tender and demand of reconveyance, and this allegation was put in issue. Furthermore, we have, by the uncontradicted evidence, Mr. Foley, who had in March become a director of the elevator company, attending the meetings of that company and taking part in its affairs down to the very time when this action was commenced. Under these circumstances we do not think, whatever the plaintiff's rights may be in an action at law, that he can claim relief by rescission in a court of equity. The acts referred to must be treated as an election upon his part to abide by the contract, or at least as estopping him from exercising a contrary election.

It is claimed that defendant has only paid a small portion of the cost of the improvements. The evidence shows part paid and part unpaid, but does not disclose the proportion. This is immaterial, because defendant is obligated for all.

At the very close of the appellant's brief there is an insinuation that the trial judge was influenced by social relations with the plaintiff. Had this been called to our attention before the brief had been examined, the brief would have been stricken from the files and the court would have refused to consider any further brief in the case from the same counsel. We have several times had occasion to reprimand counsel for reflections on the trial judge. It has been hoped that there would be no occasion for further action in this respect. If the rule heretofore resorted to prove insufficient to deter attorneys from such conduct, other means will be adopted which will place it beyond the

Russell v. Horn, Brannen & Forsyth Mfg. Co.

power of attorneys so disposed to make such comments. We have examined this whole record, embracing more than 600 pages, with care, and we are convinced that the learned judge who tried the case conducted the proceedings with dignity, fairness, and precision.

For the error referred to the judgment of the district court must be reversed and the cause remanded, with leave to plaintiff, if he so desire, to amend his petition and pray judgment for damages.

REVERSED AND REMANDED.

F. M. RUSSELL, ET AL. V. HORN, BRANNEN & FORSYTH
MANUFACTURING COMPANY.

41 567
559 205

FILED JUNE 26, 1894. No. 5183.

1. **Principal and Agent: AGENT'S EXCLUSIVE RIGHT TO SELL GOODS: BREACH OF CONTRACT: DAMAGES.** R. & P. claimed to have a contract with the H. Company whereby H. & P. were to have the exclusive right to sell goods manufactured by the H. Company in certain territory and whereby the H. Company was forbidden to sell these goods to others within that territory. At the request of R. & P., a salesman of the H. Company made an estimate to a third person of the price of certain goods, the evidence tending to show that the salesman was introduced to such third person by R. & P. with the statement that anything he did would be satisfactory to R. & P. The salesman sold the goods directly to such third person for the H. Company and not for R. & P. R. & P. sought to recover from the H. Company for profits lost because of such transaction. The H. Company claimed that R. & P. had waived their exclusive right in this instance. The court instructed the jury, in effect, that if R. & P. introduced the salesman to such third person with the statement that any agreement he made would be satisfactory, and if the third person did not then understand that he was to procure the goods from R. & P., then such facts constituted a waiver. *Held*, Erroneous, because in an action between R. & P. and the H. Company the purchaser's understanding was im-

Russell v. Horn, Brannen & Forsyth Mfg. Co.

material, and it was for the jury to determine from all the evidence whether or not there had been a waiver, this instruction substituting the judgment of the purchaser for that of the jury upon this point.

2. ———: ———: ———: ———. There also being a claim for damages because of alleged sales by the H. Company to others within R. & P.'s territory in violation of the contract, *held*, that the measure of damages because of such sales was the profit which R. & P. might with reasonable certainty show that they were prevented from realizing by reason of the breach of contract.
3. ———: ———: ———: ———. A third claim of damages was based upon the alleged failure of the H. Company to deliver to R. & P. goods which they had contracted to sell and deliver. *Held*, That on this cause of action R. & P.'s measure of damages was the difference between the price at which the H. Company had agreed to deliver the goods and the market value of such goods at the time and place when and where they should have been delivered.

ERROR from the district court of Douglas county. Tried below before FERGUSON, J.

Kennedy & Learned, for plaintiffs in error.

Breckenridge, Breckenridge & Crofoot, *contra*.

IRVINE, C.

The Horn, Brannen & Forsyth Manufacturing Company, hereinafter called the "Horn Company," brought an action in the district court of Douglas county to recover from F. M. Russell and Orlo H. Pratt, copartners doing business as Russell, Pratt & Co., and hereinafter referred to as "Russell & Pratt," \$1,285.22, with interest, alleged to be due the Horn Company as a balance for goods sold and delivered to Russell & Pratt. The account attached to the petition showed charges against Russell & Pratt amounting to \$4,562.93, and credits amounting to \$3,277.71. Russell & Pratt answered, admitting payments to the Horn Company of large sums of money for gas fixtures and mer-

Russell v. Horn, Brannen & Forsyth Mfg. Co.

chandise sold and delivered to Russell & Pratt, but denying indebtedness in any amount, and further denying every allegation of the petition not expressly admitted. The answer then set up three counter-claims, the first being for \$1,086.65, as commission and profits to which Russell & Pratt were entitled on the sale of certain gas and electrical fixtures to one Hendrix, it being charged that the list price of said fixtures was \$1,898.10, and that under the contract existing between the parties Russell & Pratt were entitled, as their profit on said transaction, to fifty, ten, and five per cent off said list price. The second counter-claim charged that on March 1, 1889, an agreement was entered into between the Horn Company and Russell & Pratt whereby the Horn Company agreed to give Russell & Pratt the exclusive agency for its wares for the state of Nebraska and certain other territory, and agreed not to sell any of its fixtures to or through any other person within the territory mentioned save to Russell & Pratt; that the agreement was to remain in force for one year; that the Horn Company, in violation of its agreement, sold to and through other persons in the city of Omaha, and elsewhere in the territory mentioned, fixtures and merchandise covered by the agreement, whereby Russell & Pratt were deprived of large profits and were unable to dispose of a large quantity of merchandise purchased from the Horn Company in reliance upon such agreement, wherefore damages were prayed in the sum of \$1,200. The third counter-claim alleged that on May 13, 1890, they ordered from the Horn Company merchandise at the agreed price of \$648.50, which order was accepted by the Horn Company, and which the Horn Company agreed to fill, but subsequently refused to fulfill, to Russell & Pratt's damage in the sum of \$373.74. The reply was a general denial. There was a trial to a jury and a verdict and judgment for the Horn Company for \$922.17, from which Russell & Pratt prosecute error.

Certain rulings of the court on the admission and rejec-

Russell v. Horn, Brannen & Forsyth Mfg. Co.

tion of evidence are discussed in the briefs, but cannot be considered, for the reason that the assignments of error do not point out the rulings complained of.

Upon the subject of the first counter-claim, the sale of goods to Hendrix, the evidence tended to show that Hendrix was erecting a number of houses and that Russell & Pratt had made, or caused to be made, two bids for furnishing gas fixtures therefor. These bids contemplated the use of fixtures other than those of the Horn Company's manufacture. Mr. Ryan, a traveling salesman of the Horn Company, appeared in Omaha. At the request of Russell & Pratt, he went with Mr. Russell to Balfe & Read, who were gas fitters in Omaha, was introduced to a member of that firm by Russell and made for Balfe & Read an estimate for the fixtures for the Hendrix houses. The bid formulated by Balfe & Read upon that estimate was accepted by Hendrix and the goods sold directly without the further intervention of Russell & Pratt. Russell & Pratt claim that it was the agreement between them and the Horn Company that the Horn Company's salesman should assist them when desired in making sales; that Ryan acted ostensibly for that purpose; that it was the understanding with Ryan that while he should make the estimate, the sale was to be to Balfe & Read on behalf of Russell & Pratt, not a direct sale by the Horn Company; that Russell & Pratt would be entitled under their agreement to purchase the goods at a discount of \$1,086.65 from the list price, and that in violation of their contract with the Horn Company they were deprived of this sum by reason of Ryan's making the sale directly. There was evidence tending to establish this contention. The Horn Company claims that it was the voluntary proposition of Russell & Pratt that Ryan should make the estimate and the sale, and that Russell & Pratt had in this instance waived their right of insisting that the Horn Company should sell no goods except through them. This contention is also not

without some support in the evidence. Upon this subject the court, at the Horn Company's request, instructed the jury as follows: "You are instructed that even if you believe from the evidence that Russell, Pratt & Co. had, at or about the time the contract for furnishing gas fixtures for the Hendrix houses was entered into, an exclusive agency for the sale of the plaintiff's goods in the city of Omaha; that if you further believe from the testimony that they, defendants, introduced the plaintiff's salesman, Ryan, to Messrs. Balfe & Read and stated to Balfe & Read that any agreement Ryan made would be satisfactory to them, and that there was no understanding on the part of Balfe & Read at that time that they were to procure the goods ordered through Ryan from Russell, Pratt & Co., such action and statements constitute a waiver on the part of Russell, Pratt & Co. of their exclusive agency, if any existed, and they are not entitled to recover from the plaintiff any damages under the first counter-claim set up in the answer." We think in giving this instruction the learned judge erred. It will be observed that it stated that if Russell & Pratt introduced Ryan to Balfe & Read, and stated to them that any arrangement Ryan made would be satisfactory to Russell & Pratt, and that Balfe & Read did not then understand that they were to procure the goods from Russell & Pratt, then that these facts constituted a waiver by Russell & Pratt of their exclusive right. This would be a correct statement if this were a proceeding against Balfe & Read. If Balfe & Read did not understand that their purchase was to be from Russell & Pratt, and if Russell & Pratt informed them that any arrangement they made with Ryan would be satisfactory, and Balfe & Read had acted upon that statement, Russell & Pratt would be estopped, as against them, from claiming anything to the contrary. But this case does not affect Balfe & Read at all, and such an estoppel would not operate in favor of the Horn Company.

Russell v. Horn, Brannen & Forsyth Mfg. Co.

If the understanding was, as Russell & Pratt claimed, that Ryan should make the estimate to Balfe & Read on behalf of Russell & Pratt, then it was immaterial what Balfe & Read understood, and there would in such case be no waiver. The statement claimed to have been made by Russell to Balfe & Read, that Russell & Pratt would be satisfied with any arrangement that Ryan made, is susceptible of two constructions, according as the other evidence in the case may be viewed. It might mean that Russell & Pratt were willing to allow Ryan to sell directly for the Horn Company, or it might mean merely that Russell & Pratt authorized Ryan to make any arrangements he saw fit for them, and that Russell & Pratt would supply the goods according to any contract as to prices or terms which Ryan might make. It was for the jury in this case to determine the nature of the transaction and decide this question. This instruction left it to be determined by Balfe & Read's judgment, or more accurately by the jury's determination of what Balfe & Read's understanding of what Ryan's authority might be. It must not be understood from the foregoing discussion that the court is committing itself to Russell & Pratt's contention that their measure of damages on account of this transaction would be the discount from the list price to which Russell & Pratt were entitled. There is some evidence tending to show that Russell & Pratt were under obligations to sell at the list prices, but their measure of damages would be the amount of profit which they would have made had the sale been through them. It was clearly not contemplated that this sale should be at list prices, otherwise there was no occasion for calling into activity the discretionary authority of Ryan to make an estimate. There can be no doubt that Ryan was authorized to fix the price at which the goods were to be sold to Balfe & Read, and if the facts in relation to this counter-claim should be determined in favor of Russell & Pratt, the measure of damages would be the

difference between the price at which, under their contract, Russell & Pratt were entitled to buy the goods from the Horn Company and the price at which Ryan agreed to sell them to Balfe & Read. We think the court correctly refused an instruction asked by Russell & Pratt stating a different rule.

Complaint is made of the eighth instruction given by the court at the request of the Horn Company. It is as follows: "You are instructed that before the defendants are entitled to recover any damages under their second counter-claim, they must first prove that the plaintiff has sold his goods within the defendants' territory between the date of March 1, 1889, and March 1, 1890, and the amount which the defendants would be entitled to recover would be the profit which the plaintiff made by selling to outside dealers over what it would have realized had it sold to Russell, Pratt & Co., unless you further find that the defendants have suffered actual pecuniary loss by reason of the plaintiff's so selling its goods; and if you find the defendants have suffered such loss, then the measure of damages is such an amount as the defendants have proven by a clear preponderance of the evidence they lost in profits on the sale of plaintiff's goods, which they can show with reasonable certainty they would have made had the plaintiff not sold any of its goods within the defendants' territory." We do not think that Russell & Pratt were prejudiced by this instruction. We agree with them that where one person has by contract the exclusive right to buy from another and resell within a certain territory goods in which such other person enjoys a monopoly, and such other person, in violation of his contract, sells such goods to other persons within the territory, the measure of damages is the profit which such first person may with reasonable certainty show that he would have realized if the contract had been performed by the other party. (*Mueller v. Bethesda Mineral Spring Co.*, 50 N. W. Rep. [Mich.], 319; *Hale v. Hess*, 30 Neb., 42.)

Russell v. Horn, Brannen & Forsyth Mfg. Co.

The difficulty in such case is always to establish with legal certainty the amount of such profits, but if proper proof be made, the law permits such recovery. (*Anvil Mining Co. v. Humble*, 14 Sup. Ct. Rep., 876.) The instruction quoted states this rule to the jury, and the fact that it also states that Russell & Pratt might recover whatever the Horn Company realized by selling the goods to others over and above what it would have realized by selling to Russell & Pratt does not prejudice them. It was an extension and not a restriction of the rule of damages.

Upon the subject of Russell & Pratt's measure of damages upon the third counter-claim the following instruction was given at the Horn Company's request: "You are instructed that under their third counter-claim the defendants are only entitled to recover as damages the difference between the agreed price of the goods purchased of the plaintiff and their market value at the time the plaintiff refused to deliver them, and the defendants must prove that market value, which would be the amount Russell, Pratt & Co. and other like dealers would have to pay the plaintiff for such goods at the time of the refusal to ship them." The measure of damages upon this counter-claim would be the difference between the price at which the Horn Company had agreed to sell the goods to Russell & Pratt and the market value of such goods at the time and place when and where they should have been delivered. There was evidence tending to establish both of these facts. The failure in this instruction to state the place where the market price was to be fixed was probably cured by another instruction, but the definition given of market value in this instruction was erroneous. There was evidence tending to show that such fixtures as those ordered were purchasable in Omaha at the time of the alleged breach of contract at a discount of twenty per cent from the list price. This instruction practically excluded such evidence from consideration. The market value at

Omaha was the price at which the goods were obtainable there without regard to the person from whom they were to be obtained. It was not the amount that Russell & Pratt or any one else would have to pay to the plaintiff, and the jury should not have been restricted to a consideration of the plaintiff's prices.

There were many other assignments of error, but upon consideration we find that in respect to them the action of the trial court was substantially correct, and the conclusions reached upon the instructions referred to render a further discussion of the record unnecessary.

REVERSED AND REMANDED.

CITY OF LINCOLN V. DORINDA C. FINKLE.

FILED JUNE 26, 1894. No. 5720.

41	575
552	644
41	575
58	770

- 1. Municipal Corporations: CITIES OF THE FIRST CLASS: UNLIQUIDATED CLAIMS.** Section 36 of the charter of cities of the first class, requiring, in order to maintain an action against the city for an unliquidated claim, that the claimant shall, within three months from the time such right of action accrues, file with the city clerk a statement of the time, place, and circumstance of the injury and damage, is a reasonable exercise of the legislative power, and the filing of such a statement is a condition precedent and must be alleged and proved in order to maintain an action. *City of Lincoln v. Grant*, 38 Neb., 369, followed.
- 2. ———: ———: ———: TIME.** In order to maintain such an action the statement required must be filed within the time limited by the statute, at least in the absence of averment and proof of facts constituting a legal excuse for the delay.

ERROR from the district court of Lancaster county.
Tried below before HALL, J.

City of Lincoln v. Finkle.

N. C. Abbott, City Attorney, and Abbott, Selleck & Lane,
for plaintiff in error.

Leese & Stewart, contra.

IRVINE, C.

This is a proceeding in error by the city of Lincoln to reverse a judgment recovered by Dorinda C. Finkle against the city for damages to the property of the defendant in error caused by a change of grade in a street. But one assignment of error need be noticed. The plaintiff in the court below alleged that the grade had been changed in 1884, and that in 1888 or 1889 the street had been worked to the new grade, and that on or about September 15, 1891, she presented her claim for damages to the city. The proof was in accordance with the last allegation. The city requested the court to instruct the jury that the action could not be maintained unless the claim for damages was presented within three months from the time the damages accrued. This instruction was refused. Compiled Statutes, chapter 13a, section 36, provide that "to maintain an action against said city for any unliquidated claim it shall be necessary that the party file in the office of the city clerk, within three months from the time such right of action accrued, a statement giving full name and the time, place, nature, circumstance, and cause of the injury or damage complained of." If this provision be valid and mandatory, the action could not be maintained under the pleadings and proof of this case, as it appears both by the petition and by the evidence that the statement was not filed until at least two years after the commission of the acts complained of. The validity and construction of this statute were questions involved in some doubt at the time this case was tried in the district court. Since then this court has had occasion to investigate the questions presented and has held that the statute referred to is a reasonable exercise of the legislative

Vandecar v. Johnson.

power, and that the filing of the statement required is in the nature of a condition precedent, and must be alleged and proved in order to maintain an action in such a case as this. (*City of Lincoln v. Grant*, 38 Neb., 369.) We adhere to and follow the conclusion reached in that case. The only difference between the case cited and that under consideration is that in the former case no statement of damages had been filed, while here there was such a statement, but it was not filed within the time limited by the statute. There can be no doubt that the statute is as much mandatory as to the time when the statement is to be filed as it is as to the fact of filing and the nature of the statement. This must be true at least in the absence of an averment and proof of a sufficient excuse for failing to file the statement within the time limited. No such excuse is here pleaded or proved and that question is not presented. The court should have given the instruction requested by the city.

REVERSED AND REMANDED.

HERMAN R. VANDECAR, APPELLEE, V. PETER JOHNSON ET AL., APPELLANTS.

FILED JUNE 26, 1894. No. 5304.

Fraudulent Conveyances: SUFFICIENCY OF EVIDENCE. No question of law was presented by the record in this case. The sole question was as to the sufficiency of the evidence, and upon examination it was held sufficient.

APPEAL from the district court of Howard county.
Heard below before COFFIN, J.

Rasmus Hannible and W. H. Thompson, for appellants.

Kendall & Taylor and Hatch & Shangle, contra.

IRVINE, C.

This suit was in the nature of a creditor's bill by Vandecar to set aside certain conveyances to the defendant Jensen as fraudulent as against the creditors of Peter Johnson, and to subject the land covered by these conveyances to the payment of a judgment in favor of Vandecar against Peter Johnson. The trial judge submitted the issues of fact to the determination of a jury, which answered all the interrogatories submitted in favor of Vandecar. The findings of the jury were sustained by the court and a decree entered in accordance with the prayer of the petition. The defendants Jensen and Peter Johnson appeal, admitting that the findings of the jury were such as to require a decree for the plaintiff. The appellants furthermore concede that no questions of law are presented for review and raise in this court the sole question of the sufficiency of the evidence. No question of law being directly or indirectly involved, it would serve no useful purpose to make a more detailed statement of the case or to discuss the evidence. An examination of the record persuades us that while the evidence, taken as a whole, was not of a very convincing character, it was sufficient to sustain the findings of the jury and the action of the trial court in affirming these findings and entering a decree thereon.

JUDGMENT AFFIRMED.

41	578
43	738
41	578
47	95
41	578
49	142
53	677
54	804
54	751
41	578
58	681
58	683
41	578
159	694

OMAHA & REPUBLICAN VALLEY RAILWAY COMPANY
V. JONATHAN CHOLLETTE.

FILED JUNE 26, 1894. No. 5692.

1. **Liability of Carriers: INJURIES TO PASSENGERS: NEGLIGENCE.** *Chollette v. Omaha & R. V. R. Co.*, 26 Neb., 159, and 33 Neb., 143, followed and reaffirmed.

2. **Review: RULING ON MOTION FOR NEW TRIAL: FAILURE TO POINT OUT ERROR.** C. sued a railroad company on account of personal injuries sustained by his wife. The jury returned a general verdict for the plaintiff and a number of special findings. The court overruled defendant's motion for a judgment on the special findings and sustained plaintiff's motion for a new trial. A second trial resulted in another verdict and a judgment for plaintiff. The defendant assigned as error the overruling by the court of its motion for judgment on the special findings at the first trial. *Held*, That as it was nowhere pointed out wherein the district court erred in sustaining the motion for a new trial and as there were assignments in such motion referring to matters not preserved in the record, this court must assume that the motion for a new trial was properly sustained and therefore the motion for judgment properly overruled.
3. **Trial: SPECIAL FINDINGS: NEGLIGENCE: REVIEW.** Among such special findings were a number of isolated facts in relation to the conduct of the plaintiff's wife and of the railroad company, upon which defendant sought to have judgment rendered. *Held*, That the court properly refused to render judgment upon such findings, because the inference as to whether such facts constituted contributory negligence was for the jury and not for the court.
4. **Rulings on Admission of Evidence.** Certain rulings upon the admission of evidence examined, and *held* not erroneous.
5. **Railroad Companies: LIABILITY TO THIRD PERSONS FOR INJURY TO PASSENGERS: NEGLIGENCE.** Section 3, article 1, chapter 72, Compiled Statutes, providing that every railroad company shall be liable for all damages inflicted upon the person of passengers while being transported over its road, except in cases where the injury done arises from the criminal negligence of the person injured, etc., is not restricted in its application to actions by the passengers so injured, but extends to actions by third persons for damages sustained in consequence of such injuries to passengers.
6. **Husband and Wife.** Therefore, the rule of liability in this case by the husband for injuries sustained by the wife is to be determined by the statute referred to.
7. **Contributory Negligence: PLEADING: REVIEW.** Whether a want of ordinary care or "criminal negligence" on the part of the plaintiff himself would defeat a recovery in this case is a question not examined, for the reason that the defendant did not plead the plaintiff's negligence but only that of his wife.

8. **Construction of Statute Exempting Railroad Companies from Liability for Injury to Passengers on Platform of Moving Cars.** Section 110 of chapter 16, Compiled Statutes, providing that in case any passenger of a railroad shall be injured while on the platform of a car while in motion, in violation of the printed regulations of the company posted up at the time, in a conspicuous place inside of its passenger cars, then in the train, said company shall not be liable for the injury, etc., being a limitation upon a recognized liability, is to be strictly construed; and in order that such statute shall be applicable the car must be in motion when the accident occurs and there must be some connection of cause and effect between the injury of the passenger and his being upon the platform, and the notices required by the statute must be posted in the cars of the train wherein the accident occurs.
9. **Husband and Wife: MARRIED WOMAN'S ACT.** The married woman's act does not deprive the husband of his right of action for the loss of services or companionship of his wife, and notwithstanding that act he may still recover to the extent that the injury sustained by his wife incapacitated her from performing the duties that reasonably devolve upon her in the marriage relation. *Mewhirter v. Hatten*, 42 Ia., 288, followed.
10. **Where a married woman is injured by the negligence of another two causes of action arise,—one for the wife, for physical and mental suffering, past and future, loss of her earning capacity, and other elements ordinarily existing in such cases; the other, for the husband, for the loss of his wife's services and society and for reasonable expenses by him incurred.**

ERROR from the district court of Saunders county. Tried below before BATES, J.

The facts are stated by the commissioner.

J. M. Thurston, W. R. Kelly, and E. P. Smith, for plaintiff in error:

The court erred in admitting in evidence the plaintiff's statement of the remark made by the brakeman. (1 Greenleaf, Evidence, sec. 113; *Felt v. Amidon*, 43 Wis., 471; *Hazleton v. Union Bank of Columbus*, 32 Wis., 49; *Lund v. Tyngsborough*, 9 Cush. [Mass.], 36; *Kittle v. St. John*, 7

Neb., 73; *Village of Ponca v. Crawford*, 18 Neb., 551; *Gale Sulky Harrow Co. v. Laughlin*, 31 Neb., 103; *Adams v. Hannibal & St. J. R. Co.*, 74 Mo., 553; *Patterson v. Wabash, St. L. & P. R. Co.*, 19 N. W. Rep. [Mich.], 761; *Luby v. Hudson River R. Co.*, 17 N. Y., 133; *McCartny v. State*, 1 Neb., 123.)

The court erred in not permitting the conductor to testify whether or not the train stopped a sufficient length of time for the passengers to alight. (Lawson, Expert and Opinion Evidence, pp. 86, 87; *Mobile & M. R. Co. v. Blakeley*, 59 Ala., 472; *Sioux City & P. R. Co. v. Finlayson*, 16 Neb., 586; *Ardesco Oil Co. v. Gilson*, 63 Pa. St., 146; *Seaver v. Boston & M. R. Co.*, 14 Gray [Mass.], 466.)

A married woman is entitled to her own time, and is not under any legal obligation to contribute to, or render her services for, her husband. He has no interest in, or right of action for, any loss resulting from personal injury to her. (*Lewis v. Babcock*, 18 Johns. [N. Y.], 443; Schouler, Domestic Relations, 107-110, 243; *Weldon v. Winslow*, L. R. 13, Q. B. Div. [Eng.], 786; 1 Chitty, Pleading [11th Am. ed.], 73; *Connors v. Connors*, 4 Wis., 112; *Elliott v. Bentley*, 17 Wis., 591; *Todd v. Lee*, 15 Wis., 365*; Compiled Statutes, sec. 4, ch. 53; *Pope v. Hooper*, 6 Neb., 178; *Omaha Horse R. Co. v. Doolittle*, 7 Neb., 481; *Shortell v. Young*, 23 Neb., 408.)

The measure of damages was erroneously submitted in an instruction of the court under which the jury was allowed to consider the amount expended in employing physicians and for medicine. There was no evidence that such expenses were reasonable and necessary. (*Union P. R. Co. v. Ogilvy*, 18 Neb., 643; *Smith v. Evans*, 13 Neb., 316; *Walrath v. State*, 8 Neb., 91; *Steele v. Russell*, 5 Neb., 216; *Holmes v. Boydston*, 1 Neb., 346; *Galveston H. S. & A. R. Co. v. Thornsberry*, 17 S. W. Rep. [Tex.], 521; *International & G. N. R. Co. v. Simcock*, 17 S. W. Rep. [Tex.], 47; 1 Greenleaf, Evidence, sec. 124.)

Omaha & R. V. R. Co. v. Chollette.

It was error for the court to refuse the seventh instruction asked by the defendant. (*Cheney v. Boston & M. R. Co.*, 11 Met. [Mass.], 121; *O'Brien v. Boston & W. R. Co.*, 15 Gray [Mass.], 20; *O'Neill v. Lynn & B. R. Co.*, 29 N. E. Rep. [Mass.], 630.)

Simpson & Sornborger, contra, cited: *Chollette v. Omaha & R. V. R. Co.*, 26 Neb., 159; *Omaha & R. V. R. Co. v. Chollette*, 33 Neb., 143; *Mewhirter v. Hatten*, 42 Ia., 291.

IRVINE, C.

In 1886 Jonathan Chollette and Eliza Chollette, his wife, boarded a train at Wahoo for the purpose of going to Elkhorn. Mrs. Chollette was injured either in alighting from the train at Elkhorn or by being thrown from the steps of the car as she stood there preparing to alight. This action was brought by Jonathan Chollette to recover damages for the loss of his wife's services and society and the expenses of her care and treatment. A former action brought by the wife on her own behalf on account of the same injuries has been twice before this court and is reported in 26 Neb., 159, and 33 Neb., 143. All the questions presented upon either hearing of the former case are again presented by this record. We will not here restate these questions nor re-examine them. As to the questions involved in the case reported in 33 Neb., this court has repeatedly declared the law to be in accordance with the views there expressed. As to the questions presented upon the first hearing reported in 26 Neb., whatever might be the writer's individual views, were the questions now presented for the first time, the decision has stood without question for more than five years, and the conclusions there reached would not now be disturbed in the absence of a clear conviction on the part of the court that a fundamental error had then been committed.

A brief statement of the issues in this case may be nec-

essary to an understanding of the questions first presented by this record. The plaintiff alleged that the railroad company failed to stop the train at Elkhorn a sufficient time to permit his wife to alight and negligently started its cars before she had reasonable time to alight, and while alighting caused her to be violently thrown upon the platform without any negligence upon her part. In addition to the defense set up in the former case and passed upon in the first hearing thereof the defendant answered denying any negligence upon its part and averring "that the injuries received by the said Eliza occurred by reason of the carelessness and negligence of the said Eliza contributing thereto;" that the injuries she received were sustained while she was standing upon the platform of the car while it was in motion; that there was posted in a conspicuous place inside said car printed regulations warning passengers not to stand upon the platform while the car was in motion; that there was inside said car sufficient and safe seats and accommodations for her; and that there was no necessity of her standing or being upon the platform. Further answering the defendant alleged that theretofore the said Eliza, with plaintiff's knowledge and consent, brought suit upon the same cause of action and recovered thereon, and pleaded that action in bar of the present. There was a trial in 1891, resulting in a general verdict for the plaintiff for \$150 and a number of special findings. The defendant moved for judgment notwithstanding the general verdict upon the special findings, and the plaintiff moved for a new trial. The court overruled the defendant's motion for judgment and sustained the plaintiff's motion for a new trial. Upon the second trial there was a general verdict for the plaintiff for \$900, upon which judgment was rendered, and which judgment plaintiff seeks to reverse.

1. The defendant procured to be settled a bill of exceptions embracing the proceedings upon the first trial, and

Omaha & R. V. R. Co. v. Chollette.

now complains that the court erred in sustaining the plaintiff's motion for a new trial and in overruling defendant's motion for judgment. We cannot say that there was any error in sustaining the motion for a new trial. There is nothing in the record to indicate upon what ground the motion was sustained and the defendant does not point out wherein the court erred, if at all, in sustaining the motion. Among the many grounds assigned in that motion was the giving of certain instructions. The transcript of the record before us contains certain instructions given by the court upon that trial, but they are not consecutively numbered; they do not appear to be complete, and several of those of which the plaintiff complained in his motion do not appear at all in this record. If the court was right in awarding a new trial, it follows that it was right in refusing to enter judgment for defendant upon the special findings made at the first trial; but aside from this the court was not warranted by those findings, if they had stood, in rendering judgment notwithstanding the general verdict. These findings were for the most part of isolated facts. To have entered judgment thereon would have required the court to draw the inference that defendant was not negligent or that Mrs. Chollette was negligent from the facts so found. It has been repeatedly held that where different inferences may reasonably be drawn from the facts, the ultimate question as to negligence is for the jury, and, as held in *Omaha & R. V. R. Co. v. Chollette*, 33 Neb., 143, the facts of this case were such as to render that inference one for the jury and not for the court. Among the findings were the following: "22. Was the plaintiff's wife, in her effort to alight from the car in question, guilty of the want of any ordinary care contributing to her injury? No." "23. Were the agents and employes of the Union Pacific Railroad Company guilty of negligence in not stopping long enough to allow the plaintiff to alight from the train? Yes." Following this was a finding

that the injury resulted from the negligence of the railway company without any contributory negligence on the part of the plaintiff and his wife. These direct findings upon these issues properly left to the jury could not be disregarded by the court's determining that upon other special findings the jury should have drawn the inference of contributory negligence. Section 110, chapter 16, Compiled Statutes, provides the following: "In case any passenger on any railroad shall be injured while on the platform of a car while in motion, * * * in violation of the printed regulations of the company posted up at the time in a conspicuous place inside of its passenger cars then in the train, such company shall not be liable for the injury, provided such company furnished room inside its passenger cars sufficient for the accommodation of its passengers." The jury found that there was posted inside the car such a notice, and that there were at the time seats sufficient to accommodate the passengers; but it also found that Mrs. Chollette did not go upon the platform when the train was in motion, nor was there any finding that she remained upon the platform voluntarily while the car was in motion, or that her injury was due to her remaining on the platform under such circumstances. There were, therefore, no findings sufficient to bring the case within the provisions of section 110. The court, therefore, did not err in refusing to enter judgment on the special findings at the first trial.

2. Passing now to the errors assigned relating to the second trial, we will first consider two objections which were made to rulings upon the evidence, the only assignments upon this subject which are referred to in the briefs. One of these assignments is that the court erred in overruling the objection to the following language testified to by the plaintiff as used by the brakeman: "It beats hell they cannot stop long enough to let people get off." The plaintiff had been asked the following question: "Now, when the conductor went out, what transpired? You may

tell that story in your own way, right through as you think of it." There was no objection to this question, and the witness proceeded to state the circumstances of the accident at a considerable length. He had just stated that the engineer seemed to open the engine and that the train lurched so that it wheeled his wife half way round off the steps, and proceeded, "then the brakeman grabbed hold of the rail on the end of the baggage car right opposite to where we were standing, and as he done so he made the remark that 'it beats hell they cannot stop long enough to let people get off.'" The defendant then moved to exclude the last part of the answer, as incompetent, immaterial, and irrelevant, which motion was overruled. We think that this remark was fairly admissible as a part of the *res gestæ*. This witness and others stated what other people said as Mrs. Chollette was about to alight. It would seem that the remark of the brakeman was concurrent in time with the accident, and while it did not serve to characterize any act of his at the time, still, being contemporaneous with the principal fact and made under such circumstances as to justify the inference that it was a spontaneous exclamation, we think it was not reversible error to refuse to strike it out. In *Hewitt v. Eisenbart*, 36 Neb., 794, it was said that the trial court must be left largely to exercise its discretion in determining whether such remarks are made under circumstances justifying their admission as a part of the *res gestæ*. If a question had been asked tending to call forth this answer, and objection had been made thereto, we would have been more doubtful upon the point; but when the defendant permitted the witness, without objection; to relate in narrative form the whole transaction, we would hesitate to reverse a judgment even if a statement ordinarily inadmissible crept in in the course of that narrative. The conductor of the train when on the stand was asked the following question: "Now, having reference to the number of passengers on your train and the number of

passengers which were through passengers, and having reference to the business of your train at Elkhorn station, I will ask you whether or not the train stopped a sufficient length of time for such passengers as were on that train to alight therefrom, using due diligence?" An objection to this question was sustained. Whether or not such a question would under any circumstances be admissible, the witness had just before shown himself incompetent to answer this question, by testifying that he did not remember how many passengers there were that morning for Elkhorn station. Not knowing this fact, he could not know whether or not the train stopped a sufficient time to permit this unknown number of passengers to alight. Furthermore, he had just testified that the train had stopped half a minute at the station, and immediately afterwards he testified, without objection, that fifteen seconds was ample time to permit the passengers to alight. The defendant, therefore, got all the benefit that it could have had from an answer to the question objected to.

3. Complaint is made of a series of instructions which left the liability of the defendant to be determined in accordance with the provisions of section 3, article 1, chapter 72, Compiled Statutes. This section is as follows: "Every railroad company, as aforesaid, shall be liable for all damages inflicted upon the person of passengers while being transported over its road, except in cases where the injury done arises from the criminal negligence of the persons injured, or when the injury complained of shall be the violation of some express rule or regulation of said road actually brought to his or her notice." The instructions complained of were substantially the same as those approved in *Omaha & R. V. R. Co. v. Chollette*, 33 Neb., 143. The constitutionality of the act now questioned by defendant has been impliedly recognized in a number of cases and distinctly affirmed in *Union P. R. Co. v. Porter*, 38 Neb., 226. It is urged that the statute is not applicable to this case; that

it refers only to damages sustained by the person injured and not to consequential damages sustained by a third person on account of those injuries. The language of the act is such as to lend countenance to this construction, and the writer was at first of the impression that the term "damages inflicted upon the person of passengers" should be confined to damages sustained by passengers through injuries to their own persons. This section was, however, a portion of an act passed in 1867, entitled "An act to define the duties and liabilities of railroad companies." In its first section it required railroads to erect and maintain fences sufficient to prevent cattle, horses, sheep, and hogs from going on the railroad, and provided that in case of failure to erect and maintain such fences the railroad should be liable for "any and all damages which shall be done * * * to any cattle, horses, sheep, or hogs thereon." (Gen. Stats., p. 202.) This language in the same act indicates that the legislature used the word "damage" not in its technical sense but in the sense of injury. Unless in the two sections of this same statute we should give this language different constructions, we must hold that in the section in question it was intended to refer to legal damages sustained by any person on account of injuries inflicted upon passengers; otherwise we would be led to the absurd conclusion that in the first section the action for injuries caused by failing to erect and maintain fences could only be maintained by the cattle or other animals injured.

4. It is next complained that the court erred in giving instructions to the effect that the negligence which would defeat a recovery must be the gross negligence of either the husband or the wife. The error which it is particularly claimed lies in this instruction is that conceding that Mrs. Chollette's negligence must be gross in order to prevent a recovery, still the statute does not extend to third persons, and the court should have instructed the jury that a recovery would also be prevented if the injury was contrib-

uted to by the failure of plaintiff himself to exercise ordinary care. We cannot inquire into the rather interesting legal question presented by this argument, for the reason that the defendant in its answer does not plead contributory negligence on the part of the plaintiff but only contributory negligence on the part of his wife. The instruction was, therefore, more favorable to the defendant than the pleadings justified by permitting an inquiry at all into the question of plaintiff's negligence.

5. A number of instructions requested by the defendant were given. Many were refused. The only one of these to which attention is specially directed in the brief is as follows: "7. You are further instructed that if you shall find from the evidence that the plaintiff's wife at and before the time of her injury had notice that it was usual and customary upon passenger trains to have a notice upon metal plates upon the car or door thereof, containing a notice warning passengers not to stand upon the platform while the train was in motion; and if you shall further find from the evidence that the plaintiff's wife in the exercise of ordinary care and attention might have seen such plate upon said car or car door; and if you shall further find from the evidence that with such knowledge or notice the plaintiff's wife then went upon the platform of the car while the train was in motion, and that while so upon the platform of said train thrown from the said car to the station platform, and that she then and there received the injuries of which complaint is made, then the law is that for such an injury received under such circumstances there can be no recovery, and your verdict must be for the defendant." It was evidently intended by this instruction to present the law as stated in section 110, chapter 16, Compiled Statutes, already quoted. Such a statute, being a limitation upon liability, should be strictly construed. (*Willis v. Long Island R. Co.*, 32 Barb. [N. Y.], 398.) It certainly was not intended by the statute to absolutely exempt a railroad company from

liability for all injuries sustained by passengers while on the platform of a car in motion regardless of whether the passenger's being upon the platform was the cause of the injury or contributed thereto. The instruction requested told the jury that if Mrs. Chollette went upon the platform while the train was in motion there could be no recovery, if while upon the platform she was thrown from the car. It did not tell the jury that the car must be in motion at the time the accident occurred, to make the statute applicable; nor did it tell the jury there must be a connection of cause and effect between her being on the platform and the injury. Furthermore, it instructed the jury that the company would not be liable under such circumstances if it was usual and customary on passenger trains to have a metal plate upon the car door warning passengers not to stand upon the platform while the car was in motion, without submitting to the jury the question whether such warnings were posted in a conspicuous place upon the cars of this particular train. The instruction was, therefore, vicious in three respects and was properly refused. As to other instructions refused they were objectionable in grouping together certain facts and instructing the jury that if those facts existed they would as a matter of law constitute contributory negligence. Such instructions should not be given except where there can be no reasonable difference of opinion as to the inference to be drawn. (*Missouri P. R. Co. v. Baier*, 37 Neb., 235.)

6. Certain assignments may be grouped in relation to the defense alleged by reason of the prosecuting of the former action. The evidence shows that the first action was begun originally by Chollette and his wife jointly, and prayed for damages both to the wife and to the husband. The case was dismissed as to the husband and an amended petition, filed by the wife alone, praying for the damages by her sustained. The case was tried on this amended petition. Even under the common law, where the husband and wife

joined in an action for injuries to the wife, this action was not a bar to another action by the husband for loss of his wife's services, although it was then usually held that the judgment in one action was *res judicata* as to the right to recover in the other; but the actions were separate, the measure of damages different, and no damages were recoverable in the second case which were recoverable in the first. Under our law, the husband not being a party to the first action, one cannot be said, in any view of the case, to be a bar to the other. In the first action the wife could recover for physical and mental anguish and for her own loss of time and incapacity. Under our married woman's act she could, in a proper case, recover for loss of earnings and decreased ability to conduct her business. In this case the husband recovers for the loss of his wife's services and society and for reasonable expenses by him incurred. As we shall presently show, the court carefully excluded from the jury in this case all the elements of damages which the wife was entitled to recover in her own name.

7. Upon the measure of damages the following instruction was given: "If, from the evidence in this case, and under the instructions of the court, you should find for the plaintiff, you are instructed that the only items of damages that you can find in favor of the plaintiff are: First—The value of the loss of services and companionship of his wife to the extent that such injuries have incapacitated her from performing all the duties of a wife that reasonably devolve upon her in the marriage relation. Second—For money laid out and expended in employing physicians and expended for medicines to cure her of such injury, if any. Third—His time, or that of his family, if any shown, for nursing her during her sickness from such injury, if any, not to exceed in all the sum of \$25,000." Complaint is now made that each of these three subdivisions was erroneous, but in the motion for a new trial the third was not complained of, so that it will not here be considered. The

complaint made of the second subdivision is that there was no evidence of the reasonable expenditures of the husband in employing physicians and for medicines, and that, therefore, this branch of the instruction should not have been given. There was evidence sufficient to justify the jury in finding that the actual expenses incurred were about \$150, but we agree with counsel that there was no evidence to show that such expenditures were reasonably incurred; but at the request of the defendant the court charged the jury that "for damages on account of care for medical attendance and for medicines such damages could not exceed the sum of \$150." Having thus asked an instruction submitting this element to the consideration of the jury, the defendant cannot complain because the court of its own motion submitted the same question. As to the first subdivision of the instruction, the argument is that as our married woman's act gives to the wife the right to her own business and her own earnings and emancipates her property and earnings from her husband's control, the husband can no longer recover for loss of services. It will be observed that the court in this instruction did not submit to the jury generally the determination of the value of the wife's services, but restricted the jury to a consideration of the extent to which her injuries had incapacitated her from "performing all the duties of a wife that reasonably devolved upon her in the marriage relation." To this extent the husband can recover notwithstanding the married woman's act. As said in *Meagher v. Hutten*, 42 Ia., 288, on a precisely similar question, "We feel very clear that the legislature did not intend by this section of the statute to release and discharge the wife from her common law and scriptural obligation and duty to be a help-meet to her husband. If such construction were to be placed upon the statute, then the wife would have a right of action against the husband for any domestic services or assistance rendered by her as wife; for her assistance in the care and

nurture and training of his children she could bring her action for compensation; she would be under no obligation to superintend and look after any of the affairs of the household unless her husband paid her wages for so doing. Certainly such consequences were not intended by the legislature, and we cannot so hold in the absence of positive and explicit legislation."

Only two or three questions remain. One relates to the refusal of the court to submit certain questions to the jury for special findings. The submission of such questions must be left to the sound discretion of the trial court, and there was in this case certainly no abuse of discretion. The other question raised is that the damages were excessive. The wife's injuries were severe and probably permanent. The verdict was only \$900, including probably \$150 for actual expenditures. The claim that the damages are excessive seems, under this state of affairs, trivial.

JUDGMENT AFFIRMED.

Post, J., not sitting.

WILLIAM FULLERTON, APPELLANT, V. SCHOOL DISTRICT OF THE CITY OF LINCOLN ET AL., APPELLEES.

FILED JUNE 26, 1894. No. 6847.

1. **School Districts: POWER OF BOARD TO CALL BOND ELECTION.** Under the law as it stood prior to April 5, 1893, a district school board, except in cities of the metropolitan class, had no power to call an election on the question of issuing bonds for purchasing sites or erecting school houses until a petition had been presented to the board suggesting that such a vote be taken and signed by at least one-third of the qualified voters of the district. The presenting of such petition was a condition precedent to a valid election.

Fullerton v. School District.

2. ———: ———: SUFFICIENCY OF PETITION: DETERMINATION OF BY BOARD. Where the law requires a petition of a certain character in order to confer power upon a board to call an election for the purpose of issuing bonds or authorizing a tax, the determination of that board is not conclusive as to the sufficiency of the petition or the qualifications of the petitioners. But these subjects are open to inquiry in judicial proceedings to nullify the action, where the parties complaining have not, by acquiescence or laches, estopped themselves from contesting the question.
3. ———: ———: EVIDENCE. The phrase in section 3, subdivision 15, chapter 79, Compiled Statutes, "one-third of the qualified voters of such district," means one-third of the qualified voters of the district when the petition was presented, and what number constitutes such one-third is a judicial question to be determined upon any competent legal evidence. Neither the number of votes cast at the election held in pursuance of the petition nor the number cast at any preceding election is conclusive upon this question, but such facts are admissible, together with others of like character, as tending to prove the issue.

APPEAL from the district court of Lancaster county.
Heard below before TIBBETS, STRODE, and HALL, JJ.

The facts are stated by the commissioner.

F. A. Boehmer and *N. Rummons*, for appellant:

The number of signers to the request for submission of the proposition to vote bonds is less than one-third of the qualified voters of the district at date of presentation of the petition. The school district being a *quasi*-corporation, its powers are limited, and it has no authority except that given by statute, and was without authority to submit the proposition to the electors. (*School District v. Stough*, 4 Neb., 361; *Gehling v. School District*, 10 Neb., 239; *Dillon*, Municipal Corporations, secs. 24, 266; *Hayward v. School District*, 2 Cush. [Mass.], 419; *School District v. Atherton*, 12 Met. [Mass.], 112; *Sherwin v. Bugbee*, 17 Vt., 340; *Jordan v. School District*, 38 Me., 164; *Central*

Fullerton v. School District.

School Supply House v. School District, 58 N. W. Rep. [Mich], 324.)

It is essential that a request be presented to the board, properly signed by the requisite number of voters. The board of education does not sit as a court of justice, and its finding as to the sufficiency of the petition is not conclusive. (*Sharp v. Spier*, 4 Hill [N. Y.], 76; *In the Matter of Sharp*, 56 N. Y., 259; *Henderson v. Mayor and City Council of Baltimore*, 8 Md., 360.)

Webster, Rose & Fisher for appellees:

The object of the provision requiring the presentation of a petition to the board is to prevent school officers from calling a bond election when there is no desire for it or sentiment in its favor in the district. Accuracy in the estimate by the board of numerical sufficiency of petitioners is not jurisdictional, and error in that respect does not vitiate proceedings taken in good faith and participated in by the electoral body without objection or protest. (*McCrary, Elections* [3d ed.], sec. 173; *State v. School District*, 13 Neb., 470; *Kimball v. School District*, 13 Neb., 86.)

Without allegation and proof of fraud the determination of the board of education to which it was addressed is final and conclusive. There is a plain distinction between a statute requiring a fixed number and one requiring a certain proportion. One calls for no exercise of judicial function, and the other does. (*Spelling, Extraordinary Relief*, sec. 701; *Pierce v. Wright*, 6 Lansing [N. Y.], 306.)

Henry E. Lewis, also for appellees.

IRVINE, C.

The appellant, as a taxpayer of the defendant school district, brought this action, on behalf of himself and others similarly situated, against the school district and the individual members of its board of education, praying for an

Fullerton v. School District.

injunction to restrain the defendants from registering, issuing, and selling certain bonds of the school district. The injunction was refused by the district court and the plaintiff appeals. The petition is quite long and avers many facts by way of attacking the validity of the proceedings under which it was proposed to issue the bonds. The conclusion reached upon one aspect of the case renders it unnecessary to consider the other questions. At the time the election was held whereunder the power to issue these bonds is claimed, the authority of such a school district as that in question, to-wit, one organized from an incorporated city in pursuance of section 1, subdivision 14, chapter 79, Compiled Statutes, was derived from the general provisions in regard to school district bonds, found in subdivision 15 of chapter 79. By section 1 of this subdivision the district officers of any school district were given power to issue bonds of the district for the purpose of purchasing a site for and erecting thereon a school house or school houses and furnishing the same, on the terms and conditions set forth in the succeeding sections. Section 2 provided that "no bonds shall be issued until the question has been submitted to the qualified electors of the district and two-thirds of all the qualified electors present and voting on the question shall have declared by their votes in favor of issuing the same, at an election called for the purpose, upon a notice given by the officers of the district at least twenty days prior to such election." Section 3 provided that no vote shall be ordered upon the issuance of such bonds unless a petition shall be presented to the district board, suggesting that a vote be taken for or against the issuing of such amount of bonds as might therein be asked for, which petition shall be signed by at least one third of the qualified voters of such district; provided that the board of education in any city of the metropolitan class may order a vote without a petition therefor. It is charged in the petition that while a petition was presented it was not signed by one-third of the qualified

voters of the school district. The petition is attacked for other reasons, but we shall only consider the questions arising from the averment referred to. The defendants put in issue the truth of this averment and also contest its legal sufficiency. The court made special findings in the case among which are the following:

"5. The court further finds that a proper petition asking for the submission of a vote for the issuing of bonds was presented to the board of education of said city and that said petitions were signed by 1,846 persons, and that said number of signers is sufficient for such a request; that a copy of said petition is correctly set out in plaintiff's petition and is sufficient authority for such school board to call an election for such bonds."

"10. The court further finds that the population of said district is about 55,000 and that there are 11,542 children of school age in said district; and that at the date when the request for submission of this election was presented to said board there were at least 9,000 qualified voters in said school district who were entitled to vote upon this bond election; that there were 7,886 male voters registered upon the registration books of said city of Lincoln at said time, and that there were at least 2,000 female voters in said district who had a right to vote upon this bond question,"

The court also found that there were cast for members of the school board the number of votes set out in plaintiff's petition. The number so alleged shows an average of 4,549 for each office to be filled.

The sufficiency of the evidence upon these points is unquestioned except as to the finding of the number of qualified voters. This will be hereinafter referred to. It may be well to here state that the school district was shown to comprise the territory embraced in the city of Lincoln, with the exception of 460 acres which lay within the city, but without the school district. The district also included 7,680 acres contiguous to but not within the city, and there

Fullerton v. School District.

was a finding that there were about 200 qualified voters of the school district who did not reside within the city. There is no finding as to the number of qualified voters of the city who were not qualified voters of the school district. If we accept the findings of fact as correct, we have but 1,876 qualified voters out of 9,000 petitioning for the election, and if these findings are supported by the proof, they must control the general statement in the fifth finding, that the number of signers was sufficient. This statement was a conclusion of law and not a finding of fact.

The questions which we conceive to be presented under this state of the record are as follows: First—Is the presenting of a petition in accordance with the statute an essential prerequisite to the calling of an election to vote bonds? Second—If so, does the board of education, in calling the election, act judicially in determining whether or not the petition was signed by the requisite number of qualified voters, and is its determination of that question conclusive against a collateral attack? Third—If the last question be answered in the negative, how is the requisite number of qualified voters to be determined?

1. It may be assumed that a court of equity will not interfere by injunction even for the purpose of preventing the registration or issuance of bonds at the suit of a taxpayer for mere irregularities in the proceedings not going to the jurisdiction or power of the officers making the issue, where such irregularities are not of a nature of themselves to prejudice the plaintiff's rights. If, therefore, the election was in other respects regularly called and conducted, and if it resulted in the requisite vote in favor of issuing the bonds, their issue should not be restrained because of a defect in the petition unless the presenting of a proper petition, signed by the stated proportion of electors, was a necessary step and essential to confer upon the board of education authority to call the election. The first question presented is, therefore, whether or not the presenting of a

Fullerton v. School District.

petition complying with the law as to the number and qualifications of its signers is an essential step in order to confer upon the board the power to submit the question to vote. We think this question must be answered in the affirmative. All the cases under similar statutes recognize this rule. Thus, where the statute provided that special meetings of the school district might be called by the district board, or any one of them, on the written request of five legal voters of the district, the court, in the case of *State v. School District*, 10 Neb., 544, speaking through MAXWELL, C. J., said: "It was necessary—a condition precedent to the right of the school district board, or any member of it, to call a special meeting, that such written request signed by five legal voters of the district should be presented to the board or one of its members, and a meeting called without such request could have no legal existence. The so-called election, therefore, was an absolute nullity." This rule was approved in *State v. School District*, 13 Neb., 82, and in *Orchard v. School District*, 14 Neb., 378. The statute requiring, in order to submit to voters the question of relocating a county seat, that a petition for such election should be presented containing the names of persons purporting to be electors equal in numbers to three-fifths of all the votes cast in said county at the last general election, the court plainly intimated that if the question were raised in the proper manner, such a petition would be held essential. (*Ellis v. Karl*, 7 Neb., 381.) Some features of this case will be referred to hereafter. The same inference is to be drawn from *State v. Nelson*, 21 Neb., 572.

The law required county commissioners to call an election upon the question of issuing bonds in aid of works of internal improvement upon the presenting of a petition signed by not less than fifty freeholders. The court in *State v. Babcock*, 21 Neb., 187, construing this statute, used the following language: "Under this section the authority of

the county commissioner to call a special election for the purpose of voting precinct bonds is based upon the fact that a petition, signed by not less than fifty freeholders of the precinct, has been presented to the county commissioners, which petition shall set forth the nature of the work contemplated, the amount of bonds sought to be voted, the rate of interest and the time when the principal and interest shall become due. It is only upon the reception of such a petition that the commissioners have authority to call an election for the purpose of voting bonds in the precinct. It is claimed, on behalf of the relator, that the section above quoted, so far as it requires a petition signed by fifty freeholders, to authorize the county commissioners to call an election, is in conflict with the constitution, because it restricts the right of suffrage, and therefore it is void. A county or any of its subdivisions has no inherent right to vote bonds. (*Hamlin v. Meadville*, 6 Neb., 227; *Hallenbeck v. Hahn*, 2 Neb., 397.) The right, therefore, is derived entirely from the statute, the terms of which must be substantially complied with. The effect of voting and issuing bonds by a precinct is to create a lien upon all the realty of such precinct for the payment of such bonds and interest. It is eminently proper, therefore, that at least fifty freeholders of such precinct should certify to the county commissioners their desire to have such incumbrance placed upon their property. * * * It is a condition precedent, therefore, to the right of the commissioners to call a precinct election for the purpose of voting bonds of such precinct, that a petition, signed by fifty freeholders thereof, stating the facts required by the statute, be presented to such commissioners for that purpose." So in *Wullenwaber v. Dunigan*, 30 Neb., 877, the court said: "It is indispensable that a petition requesting the calling of an election must be signed by at least fifty freeholders, and without such petition such commissioners have no jurisdiction."

A distinction suggests itself, and upon a slightly different subject has been discussed by counsel, between bonds issued for municipal purposes and what are generally known as "aid bonds." It would be quite reasonable to require a greater strictness of procedure where it is sought to invoke the taxing power in aid of an enterprise wholly disconnected with the operations of government than is required for the exercise of that power for the creation of an indebtedness for the purpose of enabling the governing body to perform its functions; but if such a distinction exists, it is quite clear that it does not arise upon the question of the necessity of a petition as a foundation for the calling of an election. As stated in *State v. Babcock*, *supra*, and in several other cases, a county or other municipal subdivision has no inherent power to issue bonds at all. The right is derived from statute, and the effect of issuing the bonds is to create a lien for their payment on all the taxable property of the territory. It is for these reasons that it has been held that the procedure pointed out by the statute must be substantially complied with, and these reasons apply as well to bonds issued for governmental purposes as to donations. The same principle is involved where the statute requires a petition of property owners to set in motion the power of a city to improve a street, in which case it is held that where the statute requires such a petition, a petition in compliance with the statute is necessary to confer jurisdiction upon the council to make such improvement. (*Von Steen v. City of Beatrice*, 36 Neb., 421; *State v. Birkhauser*, 37 Neb., 521.) We are persuaded by the authorities cited, as well as by the current of decisions elsewhere and by a consideration of legal principles, that where the statute provides for the calling of an election upon the presenting of a petition of a certain character and by certain persons, the requirement of such a petition is not merely directory but is a condition precedent to a valid election and necessary to confer authority to call such an election.

2. A petition being essential to the validity of the election, the question next arises as to whether the sufficiency of the petition is a judicial question cognizable by the courts in a collateral proceeding, or whether, on the other hand, the board or officer to whom the petition is presented has jurisdiction to determine its sufficiency, and whether the determination of such board or officer is conclusive. Upon this question the authorities elsewhere are not in accord and it is not easy upon their first examination to harmonize the decisions of this court. We think, however, that when they are more closely examined our own decisions map out a safe and sound rule. In *State v. School District*, 10 Neb., 544, it was held that school district bonds were void even in the hands of an innocent purchaser where no notice of the election had been given and no request signed by five legal voters for the calling of a meeting had been presented. A meeting held without such request was said to be an absolute nullity. This was so held upon proof that there were but three legal voters in the district and that two of these did not sign the request. In *State v. Babcock*, 21 Neb., 187, where the election had been called and the bonds voted, the court refused a *mandamus* to compel their registration where it was shown that the petition had not been signed by the requisite number of freeholders, the bonds in this case being aid bonds. In a series of cases the court has refused to permit an inquiry into the qualifications of signers of petitions after the bonds had been issued and passed into the hands of innocent purchasers; but these cases are all based upon the distinction between the position of a taxpayer seeking relief promptly, and one who has stood by until the rights of innocent purchasers have accrued. This distinction is well stated by MAXWELL, J., in *Cook v. City of Beatrice*, 32 Neb., 80, as follows: "Had the action in that case been brought to enjoin the issuance of the bonds, the result might have been different, as it requires a much stronger case

to enjoin the collection of taxes for the payment of the interest or principal of bonds issued in pursuance of apparent authority, and duly registered, and which have passed into the hands of *bona fide* purchasers, than to enjoin the issuing of the same in the first instance, and it is probable that the bonds in question would be valid in the hands of innocent purchasers for full value; but that question is not before the court. In this state every reasonable opportunity is offered to taxpayers to protect their rights, by enjoining the issue or registration of illegal bonds, and unless there is a want of power to issue the same, bonds duly issued and registered will not be declared invalid for mere irregularity in the exercise of power to issue such bonds. Here a taxpayer is alert, and asks the court to restrain the issuing of the bonds for the causes set forth, evidently fully realizing that if the bonds were issued and passed into the hands of a *bona fide* purchaser they would be valid." That this is the distinction governing the cases referred to, and that relief was not refused because of the conclusive effect of the board's determination of the sufficiency of the petition, is seen from an inspection of the cases. *State v. School District*, 13 Neb., 82, was an application for *mandamus* compelling the levying of a tax to pay bonds already issued. A question was raised as to the qualifications of the five persons who had signed the request for the meeting at which the bonds were voted. The court used this language: "We will not in a collateral proceeding inquire whether all the persons signing said request had resided in the district a sufficient length of time to entitle them to vote therein or not. If they had not, any taxpayer of the district could enjoin the issuing of bonds, because unauthorized; but after the meeting has been held in pursuance of the notice, the bonds issued and sold, and the district has received the avails, it is too late to raise the objection." The same principle controlled the case of *State v. School District*, 13 Neb., 466. *Orchard v.*

School District, 14 Neb., 378, was an action upon a bond and was determined upon the same ground, the court saying, "Here was a meeting called and held by the *bona fide* residents of the district and they cannot be permitted to hold a special meeting, vote bonds and sell the same, and, after receiving the avails, say that there was an irregularity in calling the meeting." It is, therefore, apparent that the court in all the cases referred to has considered the question of the sufficiency of the petition a judicial question open to inquiry in a proper collateral proceeding, but has held parties precluded from the inquiry upon a reasonable doctrine of estoppel where they have acquiesced in the proceedings until the rights of third persons have accrued.

Counsel suggest that the cases referred to are not applicable, for the reason that both in the calling of special district meetings and in the calling of elections for aid bonds the statute requires a petition having a fixed number of signers, and not a certain proportion of voters. We can see no force in this distinction. Where a fixed number of signers is required the office of the board is then not merely to count the names but, after ascertaining that there is a sufficient number of names, the duty still remains of ascertaining whether the persons whose names are signed have the requisite qualifications. This creates a discretionary power as great as that of ascertaining whether the number of names signed represents a given proportion of the whole number of voters, and we can see no reason for permitting the board's determination of one question to be conclusive and of the other not. The only doubt which we have upon this question arises from those cases in reference to elections upon the question of relocating county seats. In *Ellis v. Karl*, 7 Neb., 381, it was held that the law gave to the county commissioners the exclusive authority to determine whether the signatures to petitions for such elections were genuine, and those of persons authorized to sign them, and that where no question was raised

before the commissioners themselves, the plaintiff was in no situation to ask the aid of a court of equity; but the court added that this was especially so because the plaintiffs had rested content until three elections, in which they had participated, were held and the result finally declared. *State v. Nemaha County*, 10 Neb., 32, and *State v. Nelson*, 21 Neb., 572, are in the same line and rest largely upon the proposition that a remedy existed through error proceedings. *Ellis v. Karl* was an action for an injunction to restrain the removal of the county seat after the election; while *State v. Nelson* and *State v. Nemaha County* were applications for *mandamuses* to compel the calling of an election. It is worthy of note that in each case the facts as to the sufficiency of the petition were examined, and in the last case cited the reason given for refusing the writ was that it did not appear that the requisite number of names was signed to the petition. Furthermore, in *State v. Crabtree*, 35 Neb., 106, a *mandamus* was allowed to compel the calling of an election after an inquiry as to the sufficiency of the petition and a determination that it was sufficient. Without inquiring whether the earlier cases were sound in principle, it is sufficient to say that the distinction between proceedings to relocate a county seat, merely as a matter of convenience to the inhabitants, and proceedings to incur an indebtedness which, when incurred, would constitute a lien upon all the property of the inhabitants and require the levying of taxes for its payment, is sufficient to account for the apparent departure of these cases from the rules laid down in those involving the issuing of bonds. Our conclusion is that where law requires a petition of a certain character in order to confer power upon a board to call an election for the purpose of issuing bonds or authorizing a tax, the determination of that board is not conclusive as to the sufficiency of the petition or the qualifications of the petitioners, but that these subjects are open to inquiry in judicial proceedings to nullify the action,

Fullerton v. School District

where the parties have not, by acquiescence or laches, estopped themselves from contesting the question.

3. Finally, the question is presented as to how the sufficiency of the petition in this case must be determined. It is urged that the law does not require that the petition should be signed by one-third of all the qualified voters of the district, but only by one-third of those who are voters at the election, or at least that the number voting upon the proposition at the election must be taken as the sole evidence of the number of qualified voters of the district. To adopt such a construction would, in our minds, be to effect a judicial amendment of the statute. The phrase "one-third of the qualified voters of such district" cannot be construed away. Wherever similar expressions have existed in statutes they have been construed to refer to the total number of qualified voters except where language was employed indicating another sense of the term. The number who voted at the election in controversy as well as the number who have voted at other elections may be competent evidence as tending to establish the number of qualified voters, but it cannot be conclusive. It certainly was not the intention of the legislature to make the jurisdiction of the board to call an election dependent upon the result of the election, nor could it have been the legislative intent, by the use of such language as occurs in this statute, to adopt the vote of any particular preceding election as the test. This is clear when we compare this statute with that for the relocation of county seats, where the requirement is that the petition shall be signed by resident-electors "equal in numbers to three-fifths of all the votes cast in such county at the last general election held therein." The legislature having used this language in a similar act, it is fair to presume that it would have used it in this had it so intended. The law requires that the petition be signed by one-third of all the qualified voters of the district at the time it is presented, and what number constitutes this one-third is a

question of fact to be determined like any other. The court found that there were at least 9,000 qualified voters in this district. The evidence upon the subject was not very exact. The registry lists of the city of Lincoln, containing 7,886 names, did not afford an accurate test, for the reason that the boundaries of the school district and of the city were not coincident, and for the reason that the qualifications of the voters were different. But the map of the city in evidence shows that that portion of the city not within the school district was an outlying portion and could not have embraced any very large proportion of the inhabitants. It was shown that over 4,500 votes were cast for members of the board of education at this election, and 5,600 for mayor of the city; that the population of the district was about 55,000; that it embraced over 11,000 children of school age, and that there were on the personal tax lists 4,443 names of persons entitled to vote. Whether or not there was evidence of sufficient certainty to sustain the court's finding of the existence of 9,000 qualified electors there was sufficient evidence to convince the court that the number of electors must have exceeded 5,538, which would be the limit to sustain the petition here presented.

Counsel on both sides call attention to the inadequacy of the law when applied to populous districts. The law was clearly devised with reference to districts of small population, and the cities of the state have developed to such an extent that it is difficult now to apply it generally. Some years ago the legislature, recognizing this difficulty, exempted metropolitan cities from the provision requiring a petition. The legislature of 1893, by an act which went into force soon after the acts here in controversy, made certain amendments intended to adapt the law better to the requirements of the other larger cities. The amendment came too late, however, to apply to this case. The courts cannot amend or repeal the statute because it has grown cumbersome in its application. The legislature must be

Pearson v. Davis.

left to judge of the necessity or expediency of such a course.

We think that the district court erred in holding the petition sufficient and its judgment is for that reason reversed and an injunction allowed as prayed.

JUDGMENT ACCORDINGLY. .

REUBEN C. PEARSON, APPELLEE, v. EDWARD F. DAVIS,
SHERIFF, ET AL., APPELLANTS.

FILED JUNE 27, 1894. No. 4792.

1. **Deeds: SUFFICIENCY OF EVIDENCE TO SHOW EXECUTION AND DELIVERY.** The evidence examined and considered, and *held* sufficient upon which to base a finding that the lots in controversy were sold and conveyed in December, 1884, and that the grantor, in February following, executed and delivered to the same grantee another conveyance of the lots for the purpose of correcting an irregularity in the execution of the first deed.
2. ———: **FAILURE TO WITNESS: VALIDITY BETWEEN PARTIES.** A deed to real estate, executed, acknowledged, and delivered by the grantor, is valid as between the parties thereto and those having knowledge of its existence, although the conveyance be not witnessed.
3. **Judgment Lien on Land.** It is the established doctrine in this state that the lien of a judgment attaches merely to the actual interest of the judgment debtor in the land, and such lien is subordinate to every equity existing against the debtor at the time same attached. Rule applied.

APPEAL from the district court of Gage county. Heard below before BROADY, J.

Griggs & Rinaker, for appellants.

R. S. Bibb, *contra*.

41	608
49	464
50	658
41	608
58	487

NORVAL, C. J.

This was an action brought by appellee to enjoin the sheriff of Gage county from selling upon execution lots 2 and 3, in block 24, in the town of Adams. From a decree in favor of the plaintiff the defendants appeal to this court.

A single question is presented for our consideration, namely, whether or not the findings and judgment of the court below are sustained by the evidence? It is admitted by the pleadings that on the 6th day of January, 1885, Tootle, Hosea & Co. recovered a judgment in the county court of Gage county against Hannah Noxon and Egbert Shaw for the sum of \$463.71; that a transcript of said judgment was filed in the district court of said county on the 13th day of January, 1885; that said judgment has been assigned by Tootle, Hosea & Co. to James I. Shaw, one of the appellants herein, and who is the present owner thereof; that an execution has been issued out of the district court on said judgment at the instance of the owner thereof and placed in the hands of the appellant Edward F. Davis, sheriff of said county, who levied the same upon the lots above mentioned as the property of said Hannah Noxon, and was proceeding to advertise and sell the same under said writ, until restrained by this action. It is also uncontradicted that on and prior to the 26th day of December, 1884, the said Hannah Noxon was the owner in fee-simple of the lots in controversy; that she sold and conveyed the same to one Henry Norcross, who on the 1st day of April, 1886, in consideration of the sum of \$110, sold and conveyed to the plaintiff and appellee the aforesaid premises by deed of general warranty, and the plaintiff has been in full possession of the lots ever since, and has made lasting improvements thereon of the value of \$800.

The appellants insist that Mrs. Noxon did not sell the

Pearson v. Davis.

lots to Norcross until after the recovery of the aforesaid judgment and the filing of the transcript thereof, and hence said judgment is a lien upon said real estate. There was recorded in the deed records of Gage county on March 20, 1885, a deed to said lots from Mrs. Noxon to Norcross bearing date February 23, 1885; therefore, so far as the records disclose, the lien of the judgment had attached prior to the time Norcross became the owner of the property. The appellee alleges that in December, 1884, Mrs. Noxon executed and delivered to Norcross a deed for the lots; that when he went to place the same upon record he was informed that it was not properly witnessed, and that the deed of February 23, 1885, was taken to cure the supposed defect in the first conveyance. The only disputed question in the case is whether Mrs. Noxon made Norcross more than one deed to the premises. The appellants insist that the evidence conclusively shows that but one deed was executed and delivered. We are persuaded that they misconceive the force and effect of the testimony in the case.

Henry H. Norcross testified positively that he purchased the lots of Mrs. Noxon in December, 1884, for the sum of \$110; that he paid her the money on the 26th of that month and received the deed, which she had executed before N. T. McClunn, a notary public, a few days prior; that he afterwards carried said deed to the office of the county clerk of the county for the purpose of having the same recorded, and showed the same to Mr. Emery, the deputy county clerk, who, after looking the instrument over, called witness' attention to the fact that it was not properly witnessed, since Herbert Silvernail had signed his name below that of the grantor, instead of the usual place for witness to sign, and that on the suggestion of Mr. Emery he returned the deed to Mrs. Noxon, and she executed and delivered the deed bearing date February 23.

T. H. Moore testified to having seen the original deed, and that it was acknowledged in December, 1884, and

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witnessed by Silvernail in the manner stated by Mr. Norcross.

George E. Emery, being examined as a witness on the trial, in every respect confirms the testimony given by the plaintiff as to alleged defect in the witnessing of the original deed, and that under witness' advice plaintiff took the deed away for the purpose of having the same corrected.

Herbert Silvernail's name is attached to the last deed as a witness, and he testified that he could not say whether he witnessed more than one deed to the property or not, but if he did he has no recollection of it.

N. T. McClunn testified that he has no recollection of taking the acknowledgment of the first deed, and that he was not in Gage county between December 24, 1884, and December 27.

Hannah Noxon testified that she remembers selling the lots and making the deed, but could not tell whether the transaction was before or after January, 1885, but does not recollect whether she made more than one deed to the lots or not, but "if there was a mistake in the first deed, I presume there would be another deed made; that would be my way of doing business."

The fact that the grantor, the subscribing witness, and the officer taking the acknowledgment have no recollection of the original deed does not outweigh the direct and positive testimony of Norcross, Emery, and Moore, who saw the deed in question. The testimony of these three witnesses is certainly ample upon which to predicate a finding that Mrs. Noxon conveyed the lots to Norcross in December prior to the rendition of the judgment against her in favor of Tootle, Hosea & Co. The original deed was sufficiently executed and acknowledged to have entitled the same to be admitted to record, notwithstanding it was irregularly witnessed. Whether this statement is strictly accurate or not is not important in this case, for a deed to real estate, executed, acknowledged, and delivered

Pearson v. Davis.

by the grantor, is valid as between the parties to it, although the same is not witnessed. (*Kittle v. St. John*, 10 Neb., 605; *Missouri Valley Land Co. v. Bushnell*, 11 Neb., 192; *Harrison v. Mc Whirter*, 12 Neb., 152; *Weaver v. Coumbe*, 15 Neb., 167.) Under the foregoing decisions the original deed was sufficient to pass the title from Mrs. Noxon to her grantee, Norcross. That the judgment was rendered and the transcript filed prior to the rendition of the deed from Noxon to Norcross cuts no figure in the case. It is the established doctrine of this state that the lien of a judgment attaches merely to the actual interest of the judgment debtor in the land, and is subordinate to every equity existing against the debtor at the date the lien attaches. If the debtor has conveyed his real estate prior to date of the judgment, there is no lien, even though the grantee did not place his conveyance upon record until after judgment. (*Galway v. Malchow*, 7 Neb., 285; *Dorsey v. Hall*, 7 Neb., 460; *Berkley v. Lamb*, 8 Neb., 399; *Leonard v. White Cloud Ferry Co.*, 11 Neb., 340; *Mansfield v. Gregory*, 11 Neb., 297; *Courtney v. Parker*, 21 Neb., 582; *Dewey v. Walton*, 31 Neb., 824.) Norcross having purchased and paid for these lots in December, 1884, according to the undisputed testimony, and having received his deed for the same, Mrs. Noxon had no interest in the premises when the transcript was filed upon which a lien could attach. The decree of the court below was right and is

AFFIRMED.

STATE OF NEBRASKA, EX REL. T. J. RESSEL, v. S. A.
WHITNEY ET AL.

41	613
42	679

FILED JUNE 27, 1894. No. 6915.

Municipal Corporations: INCORPORATION: ATTACK IN COLLATERAL PROCEEDING. Where the existence of a municipal corporation is not questioned by the state, it cannot be put in issue by a private individual in a collateral proceeding.

ORIGINAL application for *mandamus*.*W. S. Morlan* and *Gomer Thomas*, for relator.*R. L. Keester, J. G. Thompson*, and *John Everson*, *contra*.

Post, J.

This is an original application for a writ of *mandamus*. The relator in his petition alleges that he is a resident of the city of Alma, which is a city of the second class; that at the regular election held in said city on the first Tuesday of April, 1894, he was a candidate for the office of councilman for the third ward thereof, and that according to the votes as certified and returned to the city clerk he received a majority of all the votes cast for said office, but that the respondents, of whom J. Zerbe is the acting mayor, Charles Sadler the acting clerk, and the others who are acting councilmen, refused, and still refuse, to canvass said vote and declare the result thereof. The respondents Hunt, Lafferty, and Traver join in an answer, in which they admit the material allegations of the petition, and allege their willingness to canvass the vote, but that the other councilmen oppose such action, and the mayor, who has the deciding vote, supports the last named members in their refusal. That allegation is verified by the record of the council duly certified. They allege further that during the year last

prior to April 3, 1894, three councilmen and the mayor favored the licensing of saloons, while three councilmen opposed license. Accordingly licenses were allowed, but which terminated by operation of law on the 1st day of May, 1894. At the election named the officers of the preceding year were all re-elected, except that Daniel Sullivan, one of the councilmen who favored license, was defeated by the relator, so that a majority of the council elect are opposed to the licensing of saloons, but that the mayor and the other councilmen have conspired to keep the relator out of office until they shall have allowed licenses for the year commencing May 1, 1894. A separate answer was filed in behalf of the city, the mayor, and Sullivan, Turkington, and Whitney, councilmen, in which they deny that they were ever requested by relator to canvass the vote as charged, and allege that according to a census of the city taken in the month of January, 1894, there were less than 1,000 inhabitants therein, and that said city did not at the time of the election in question, and does not now, contain 1,000 inhabitants, thus in effect denying the corporate existence of the municipality named as a city of the second class. Upon the completion of the issues the cause was sent to a referee for trial, who subsequently submitted the following findings:

"1. That Alma, Harlan county, Nebraska, is now, and has been for more than five years last past, exercising all the rights, powers, and privileges of a city of the second class, under the act providing for the organization and government of cities having a population of one thousand and not more than ten thousand.

"2. That in pursuance of the election for said city held on the 3d of April, 1894, the relator, T. J. Ressel, received as candidate for councilman from the third ward of said city a majority of all the votes cast for councilman in said ward.

"3. That all the other candidates named in the petition

as having been elected on the 3d day of April, 1894, each received a majority of the votes cast for the respective officers in question.

"4. That the presiding mayor, city clerk, city treasurer, and one member of the present council were re-elected at said election, and are now holding their respective offices and exercising the rights, powers, and privileges of the same.

"5. That the relator at the time of said election was, and now is, a resident elector and taxpayer of the said third ward of said city.

"6. That at the first regular meeting of the city council after the said election the said council refused to canvass the votes of said election and issue certificates of election to the parties entitled thereto, as requested by relator, and that said council at its succeeding regular meeting refused to canvass said votes and issue said certificates as requested by relator, and still refuse to canvass the vote and issue the certificates as aforesaid.

"7. That the poll books and returns of said election were in the custody of the city clerk at each of the meetings of the city council last named, and of easy and convenient access to said council.

"8. That on the 10th day of January, 1894, said city council made an order instructing the city clerk to proceed to take the census of said city, and in pursuance of said order the said clerk, on the 14th day of March, 1894, made his return in the premises to the council then in session, which return showed the population of Alma to be less than one thousand, but more than nine hundred, which report was adopted by said city council.

"9. That after the adoption of this census report of the clerk, to-wit, on the 14th day of March, 1894, the said city council proceeded, as provided by law in cities of this class, to call and hold an election for mayor, three members of the city council from the three separate wards, a city

State v. Whitney.

clerk, and city treasurer. That said election appears to have been regular in all things, conforming to the laws touching the elections for cities of the second class having one thousand population and not more than ten thousand.

"10. That there are no existing records of the organization of the city of Alma, but there was parol evidence tending to show such organization, and that the same was made of record, and that said record has since been lost.

"Respectfully submitted, WM. R. BURTON,

"Referee."

The reliance of the respondents is apparently upon the proposition that on the completion of the census mentioned the said corporation ceased to be a city of the second class, and became *eo instanti* a village, and that there exists no authority for the division of villages into wards, and that the election of councilmen by wards is without authority and void. To that proposition we cannot give assent. The rule is well settled upon authority that the existence of a municipal corporation cannot be questioned in collateral proceeding. In Dillon, Municipal Corporations [4th ed.], sec. 43a, it is said: "Where a municipal corporation is acting under color of law, and its existence is not questioned by the state, it cannot be collaterally drawn in question by private parties; and the rule is not different although the constitution may prescribe the manner of incorporation." The conduct of the respondents appears to have been contumacious in the extreme and is inexcusable in any view of the case. The writ is allowed as prayed, and the costs, including \$60 to the referee, will be taxed to the respondents Zerbe, Whitney, Sullivan, and Turkington.

WRIT ALLOWED.

UNION STOCK YARDS COMPANY V. CHARLES M. CONOYER, ADMINISTRATOR.

41	617
48	68
41	617
57	143

FILED JUNE 27, 1894. No. 5417.

1. **Contributory negligence** is a matter of defense, and the burden of its proof is on the defendant. If the plaintiff proves his case without disclosing any contributory negligence, he will be assumed to be free therefrom.
2. **Death by Wrongful Act: NEGLIGENCE: EVIDENCE.** A fact may be considered as established which may be reasonably inferred from all the facts and circumstances proved in a case; and in civil actions it is sufficient if the evidence on the whole agrees with and supports the hypothesis which it is adduced to prove and it is the duty of the jury to decide according to the reasonable probability of the truth.
3. ———: ———: ———. Evidence examined, and *held* sufficient to warrant the submission of the questions of negligence and proximate cause of the injury to the jury for their consideration and to sustain the verdict rendered.
4. **Motion to Direct Verdict: NEGLIGENCE: EVIDENCE.** The former decision of this case, reported in 38 Neb., 488, reaffirmed.

REHEARING of case reported in 38 Neb., 488.

*Breckenridge & Breckenridge and L. F. Crofoot, for plaintiff in error.**Mahoney, Minahan & Smyth, contra.*

HARRISON, J.

This case was heard in this court and decided. The opinion was filed November 28, 1893, and reported in 38 Neb., 488. A motion for rehearing was filed and presented by the plaintiff in error, and on February 20, 1894, the motion was sustained and a rehearing ordered upon the one question alone, of the sufficiency of the evidence to sustain the verdict. The action was commenced by the

defendant in error, as administrator of the estate of William McAnnelly, deceased, to recover damages in the sum of \$5,000 from the Union Stock Yards Company of South Omaha for the death of McAnnelly, which, it is alleged, was caused by, or the result of, the negligence of the company.

The stock yards company own and operate a number of railroad tracks uniting the various packing houses at South Omaha with the railways centering there. Over these tracks cars are moved from the railways to the packing houses and from the packing houses to the railways. At the time this cause of action arose there were in the employ of the stock yards company two "engine crews," so called, one employed at night, the other by day. An engine crew consisted of an engineer, fireman, two brakemen and a foreman. The deceased, William McAnnelly, was foreman of the engine crew operating during the day-time. On the 5th of February, 1890, at 8 o'clock in the morning, the stock yards company's foreman, the immediate superior to McAnnelly, directed McAnnelly to take his crew and engine, go west over the tracks of plaintiff in error to the Omaha Packing Company's establishment and bring from there a number of freight cars. He went as directed and did what was necessary to get the cars together preparatory to hauling them away. After the train was made up, and about five or ten minutes before it started east, McAnnelly was seen looking the train over,—we assume, for the purpose of seeing that everything was all right, as it is in evidence that to do so was included in his duties. That was the last seen of him alive. The train started east. After it had gone a short distance, a brakeman on the draw-bar of the last car discovered McAnnelly's dead body between the rails of the track over which the train had passed. The forward trucks of the box car next to the last in the train had jumped the track. The theory of the defendant in error was that McAnnelly was on the end

of the car under which were the trucks discovered to be off the track; that cinders and coal and rubbish which had accumulated on the track, over which the train was passing at the time McAnnely was killed, caused the trucks to leave the track; that this caused an unusual and unexpected movement of the end of the car, or a jar or jolt, sufficient to and which did throw McAnnely from the car and down between the cars to the track, where he passed under the cars and was dragged and crushed to death.

Whether there was sufficient evidence to warrant a finding of the jury that McAnnely's death was caused substantially as indicated in the above statement, or sufficient evidence to justify the court in submitting some of the questions of fact to be determined in the case to the jury, are the questions mainly discussed and to be determined on the rehearing. It must be borne in mind that the company did not introduce any testimony during the trial in the district court, but at the close of the testimony by plaintiff in that court, moved for an instruction to the jury to return a verdict for the company, and, upon overruling of the motion, did not introduce any testimony, and the case was submitted to the jury on the evidence adduced on behalf of the plaintiff in the lower court. To reach a conclusion upon the inquiry now before us involves a close and careful examination of some portions of the testimony, and we can think of no better way than to quote it in substance or literally, more or less largely, as a thorough understanding of the part under discussion demands.

August Ericson, a watchman for the Omaha Packing Company, in the yards, stated that McAnnely passed him where he was standing on a platform, attached to one of the packing houses, going east towards the engine, about five or ten minutes before his death; that the next time he saw him he was dead and his body lying between or on the middle of the tracks; that the cars had been pulled over him; that one car was off the track.

Charles L. Bowers, one of the switchmen of the crew handling the train, testifies that when he last saw McAnnelly alive, the morning of the 5th of February, 1890, he was repeating signals to the engineer, and when he next saw him he was lying between the tracks; and he was further questioned and answered in this connection as follows:

Q. What was his condition then?

A. Mangled and dead.

Q. Where were you when you discovered that he was between the tracks?

A. I was riding out, standing on the draw-bar of the rear car.

Q. How did you come to discover that he was on the track?

A. I seen a cap laying on the ground. I jumped off and lit right by the remains. * * *

Q. Describe to the jury just how you found the deceased. Where was he lying in relation to the cars on the track?

A. He was lying with his head north, on his back, with his arm (right) under his back.

Q. Was he lying across the track or lengthwise?

A. With the track (indicating).

Q. What was the condition of the cars as to their being on or off the track?

A. There were the forward trucks of one car off the track.

Q. What kind of a car was that? Was it a box car?

A. Box car.

Q. Whereabouts was he lying as to being under the car or otherwise when you found him?

A. I don't understand you.

Q. Where was he lying with reference to the cars on the track; that is, was he under the car?

A. He just passed out here under the cars. The cars passed over him.

Q. Did the entire train pass over him?

A. Two cars, I believe.

Q. Well, had the last car of the train gone over him?

A. Yes, sir. * * *

Q. You may state, Mr. Bowers, what the condition of the track was just immediately west, I believe, of where he lay.

A. Track was all full of cinders, rubbish, and things of that kind.

Q. Well, I will ask you now as to the condition of it just between the rails?

A. Pretty well filled up.

Q. You may state whether or not there were any marks there of any kind.

A. Don't understand you.

Q. I am asking you if you noticed where the cars left the tracks—trucks.

A. Yes, sir.

Q. How did you notice that fact?

A. From the prints of the cinders and rail, where they had crossed over the rail.

Q. What were the prints made by, do you know?

A. By the wheels of the cars.

Q. Now did you notice any other prints there?

A. Noticed the prints of the body where it had been trailing in the cinders.

Q. The point at which these marks, or impressions, between the rails commenced, how far was it west of where you found the body?

A. About thirty-six or eight feet.

Q. You may describe, Mr. Bowers, in your own way, the character of these marks between the rails, size, etc.

A. First mark I could discover was six or eight feet from where the car first left the track.

Q. In which direction?

A. East. It looked like print in the cinders of a man's hip and shoulder.

Q. Go on and describe where you found the body.

A. Then it was mussed up and deeper in places.

Q. How far was this impression, if at all; that is, near to what rail?

A. It was near to the north rail.

Q. Just at the point where the car left the track, what was the condition of the track there in having impressions, etc., that you have testified about?

A. The impression—cinders and coal and rubbish was laying there.

Q. How far did these cinders, coal, and rubbish extend over the track; that is, what distance of the track did they cover east and west?

A. About four car lengths.

Q. What height were these cinders above the rails, if above them at all? (Withdrawn.)

Q. You may state how the cinders were piled on the track, and how high they were, with reference to the height of the rail.

A. They were kind'a in bunches. The height of the rail I could not state.

Q. What is that?

A. I could not tell how much higher than the rail they were, some places deeper than others.

On cross-examination he testified:

Q. Did the train move back at this time, or was it standing still?

A. Stood still for a short time.

Q. And when it moved, it moved toward the east?

A. Yes, sir.

And in re-direct examination:

Q. At the time you discovered that the truck was off, was the train made up and pulling out then?

A. Yes, sir.

Q. At that time did you know where the places of the switchmen and crew were as to being on the train, or off of it?

A. After things were all right, as a general thing two of us got on, me and the foreman, McAnnelly.

Q. What is that?

A. After we slack back and see that things are all right get on, as a usual thing.

Q. Yourself and McAnnelly?

A. Yes, sir.

Q. Where was Ferguson?

A. He was on already.

Q. And then would you accompany the train to where it was going?

A. Yes, sir.

Q. The whole crew?

A. Yes, sir.

And another witness, Don Martin Ferguson, a switchman belonging to the crew, testifies that he saw McAnnelly probably five minutes before his death; that he was then walking up the north side of track No. 1 looking the train over; that he next saw him lying in the track, flat, and with the track lengthways and about a foot from the nearest rail; that one truck of one car at the east end was off the track; that the marks of where the wheel had run indicated where it had left the track. He further testifies to about the same condition of the track, as indeed do all the witnesses who saw it, as was testified to by Bowers. He also testifies that there was one mark between the rails which, from the appearance, he thought was made by McAnnelly's hip pressed in the dirt in the track, along to where they found the body; that this mark was first to be noticed about eight or ten feet east of where, from appearances, the wheels had left the track; that this mark continued from its point of commencement to where the body was found, about two car lengths, or sixty feet; that at this time they were "pulling out," had completed the train; that they were running three or four miles an hour; that probably two cars were backed over this place where the truck is

supposed to have left the track, when they backed in, and probably six or seven ran over it when they were pulling out; that the cinders were frozen that morning.

Albert W. Williams, who was a member of the coroner's jury which inquired into the cause of McAnnelly's death, testifies that, from the looks of the dirt there, the body had been dragged east down the track from some five or six feet from where the car had run off the track. He was asked this question:

Q. You have stated, I believe, you noticed where the wheels left the track?

A. Yes, sir.

Q. What indicated that, the marks?

A. I could see the mark where the wheel left the track and run on the ties.

The following is a portion of the testimony of one of the switchmen:

Q. The next time you saw Mr. McAnnelly at all, after the time when you—when he stood four feet from you, four feet north of you, repeating the signal you gave him, to the engineer, to give you the slack, was when you saw him lying on his back between the tracks?

A. Yes, sir.

Q. Between the rails of the track?

A. Yes, sir.

Q. Did you look and see whether there was any blood stains around there on the ties or on the rails?

A. I could not discover any. I looked.

Q. Didn't see any anywhere could you there?

A. No, sir.

The counsel for plaintiff in error, in an able brief and argument, strenuously contend that there was no evidence which even tends to prove that there was any negligence on the part of the company which was the proximate cause of the injury to plaintiff; that the verdict of the jury was predicated upon speculation and conjecture, and not upon

facts proved or admitted in the case, or inferences deduced from such proved or admitted facts.

We will now go back to what we have heretofore alluded to, viz., that the plaintiff in error did not introduce any testimony, but allowed the case to be submitted to the jury on the evidence on behalf of the plaintiff. The rule of the law in this state, on the subject of contributory negligence, as expressed in the case of *City of Lincoln v. Walker*, 18 Neb., 244, and *Anderson v. Chicago, B. & Q. R. Co.*, 35 Neb., 95, is as follows: "In an action for negligence, where the plaintiff can prove his case without disclosing any negligence on his part, contributory negligence is a matter of defense, the burden of proving it being on the defendant;" and the supreme court of Wisconsin has said that there being no witnesses as to how the death of a traveler at a railroad crossing occurred, deceased will be assumed to have been free from contributory negligence, where the circumstances and position in which he is found are as consistent with that presumption as with the presumption of contributory fault. (*Phillips v. Milwaukee & N. R. Co.*, 46 N. W. Rep. [Wis.], 543.) There was no evidence in the case which tends in the least degree to show any contributory negligence or any fault on the part of McAnnelly, and we must consider the case as to the other points and the different positions in which McAnnelly was placed by the evidence, bearing in mind that there is no contributory negligence. After a careful reading of the evidence we are convinced that there was a strong showing of the bad condition of the track, and sufficient evidence to submit to the jury and to sustain their finding as to what caused the trucks of the car to leave the track, and also of the knowledge on the part of the company, or lack of it, of this condition; and now we reach the main contention of the plaintiff in error, that there was no testimony to connect the occurrence of the death of McAnnelly with the negligence of the company.

In Sackett's Instructions to Juries, page 36, we find the following: "The jury are instructed that in determining what facts are proved in this case, they should carefully consider all the evidence given before them, with all the circumstances of the transaction in question as detailed by the witnesses, and they may find any fact to be proved which they think may be rightfully and reasonably inferred from the evidence given in the case, although there may be no direct testimony as to such fact," citing *Binns v. State*, 66 Ind., 428; and in Thompson, Trials, sec. 1039: "What inferences are to be drawn from the facts in evidence is, within reasonable limits, a question for the jury;" and again in section 1677: "In actions for damage for negligence the general rule is, within limits already indicated, that whether the damage which accrued to the plaintiff is the proximate or the remote result of the negligence of the defendant is a question of fact for the jury; that is to say, when doubt arises as to whether the damages are direct and proximate, or speculative and remote, the question should be submitted to the jury under proper instructions." In section 1678 of the same work is the following statement: "In an action for damages for negligence, where the evidence entirely fails to connect the negligence with the fact of the accident, the court should direct the jury that the plaintiff cannot recover; though in many cases the physical facts surrounding the accident will be such as to create a probability that the accident was the result of negligence, in which case the physical facts are themselves evidential, and furnish what the law terms evidence of negligence."

In *Bromly v. Birmingham M. R. Co.*, 11 So. Rep. [Ala.], 341, it was held: "Plaintiff's intestate, a brakeman on defendant's railroad, was killed by falling from a box car, in the top of which, near the brake, was a hole, according to some witnesses, four feet long, and according to others, four feet square. Deceased was last seen alive standing at the brake near this hole. Held, that there was evidence

for the jury to consider that the death of deceased was owing to the hole in the top of the car. * * * Where evidence is conflicting, or different inferences can be reasonably drawn from the evidence, or where there is any evidence tending to establish the case of the other side, the general affirmative charge should not be given in favor of either party."

In *Lillstrom v. Northern P. R. Co.*, 55 N. W. Rep. [Minn.], 624, the facts were as follows: "The facts as established on the trial were that, when living, the deceased resided with his family on a farm in a prairie country about one mile east of defendant's line of railway. On the morning of February 18, 1890, Lillstrom, the intestate, left home with a pair of horses attached to bob sleighs to go several miles northwesterly for a load of wood, to obtain which he had to cross to the west side of said line of railway. Leading in the direction he had to go was a generally traveled wagon road, which crossed the railway about five miles from his residence. This road, at least where it crossed the track, was not a regularly laid out highway, but it, including the crossing, had been used by the public for several years. Immediately after the railway was constructed, some five years before the accident in question, two farmers residing in the vicinity had prepared the crossing by digging the approaches, and by placing planking inside and outside the rails. The defendant's section men took charge of the crossing at once, repaired the planking, replaced the same as needed, and otherwise kept the same in proper condition for travel as fully as if it had been a legally laid out or established highway. The evidence was abundant upon this point, and also that the traveling public had very generally crossed the railway at this point while it had been maintained, preferring it to other crossings on either side. The planking between the rails before mentioned had been kept in place continuously from the time it was first put in until about one month

Union Stock Yards Co. v. Conoyer.

prior to the day on which Lillstrom received his injuries, and was then removed by defendant's section men to prevent the accumulation of snow at that point, and thus facilitate the operation of the railway. No sign was put up or barriers erected to notify the traveler of this removal. On the trial it was shown that Lillstrom in his lifetime had used this crossing and when it was in good repair. It appears that he crossed at another place when going for the wood, and it was not shown that he had been at this crossing at all after the planks were taken up, until he was injured. The 19th of February was a stormy day. About 4 P. M. a neighbor discovered Lillstrom lying upon the ground, then covered with snow, at this crossing. His horses, attached to the bob sleighs with one trace only, stood on the west side of the rails. One single-tree was broken. Upon the sleighs was a heavy load of wood. He had evidently approached the place along the road from the west (the railway running north and south), for the rear bob stood west of the rails in the traveled track, while the forward bob stood lengthwise and upon the rails, faced to the south. Lillstrom lay across the rails in front of the forward bob. He was conscious and said that he had broken his neck. His injuries were such as to cause his death the following day." It was held: "In civil actions it is sufficient if the evidence on the whole agrees with and supports the hypothesis which it is adduced to prove, and it is the duty of the jury to decide according to the reasonable probability of the truth;" and in the text it is said: "It is further contended by the defendant company, even if its negligence be established, that there was no testimony tending to connect the accident which befell Lillstrom with such negligence; in other words, that it was not shown that the removal of the planks was the cause of his death. We have stated the circumstances under which he was found, and undoubtedly the jurors came to the conclusion that they were warranted in believing that, while Lillstrom

was attempting to cross defendant's track at the crossing with a heavy load of wood upon his bob sleighs, the runners of either the forward or the rear bob, or both together, struck the rails, which projected a few inches above the snow, with such violence as to suddenly stop the horses, cause one single-tree to break, three out of the four traces to become detached, and to throw the forward bob at right angles with the one in the rear, all concurring to precipitate Lillstrom, who, as driver of the horses, would naturally sit upon the top of the load of wood, with great force to the ground, across the rails and in front of his sleighs, where he was found so injured that he died the next day. The facts as related upon the trial fully justified the jury in believing that the accident happened in this way and that the removal of the planking was the primary cause of the injuries. It was not necessary for plaintiff to show by an eye-witness exactly how these injuries were received, and that is really what was demanded by defendant's counsel on the argument here. It is not necessary in any action, civil or criminal, that the material facts should be established by direct evidence. In civil cases it is sufficient if the evidence on the whole agrees with and supports the hypothesis which it is adduced to prove, and it is the duty of the jury to decide according to the reasonable probability of the truth. (1 Greenleaf, Evidence [15th ed.], sec. 13a.) There was no direct evidence as to the exact manner in which Mr. Lillstrom was fatally injured, but there were circumstances in evidence from which it may be justly and fairly inferred that when the runners of his sleigh struck the projecting rails, the shock was such as to throw him upon and across the rails with great force and violence. If such be the fair and just inference to be deduced from the evidence, it was sufficient;" citing *Indianapolis, P. & C. R. Co. v. Collingwood*, 71 Ind., 476; *Indianapolis, P. & C. R. Co. v. Thomas*, 84 Ind., 197; *Hays v. Gallagher*, 72 Pa. St., 136.

Union Stock Yards Co. v. Conoyer.

In the case of the *Omaha & Republican Valley R. Co. v. Morgan*, 40 Neb., 604, it was held: "Issues as to the existence of negligence and contributory negligence, and as to the proximate cause of an injury, are for the jury to determine, when the evidence as to the facts is conflicting and where different minds might reasonably draw different conclusions as to these questions from the facts established."

In the case at bar the last time McAnnelly was seen alive by any of the witnesses he was about four feet from the train and was apparently looking it over to see that everything was all right as the train was then completed or "made up," as the railroad men term it, and after it stood for a short time, "pulled out." One witness says: "After things were all right, as a general thing, two of us got on, me and the foreman, McAnnelly, and after we slack back and see that things are all right get on, as a usual thing." Mr. Breckenridge: "Yourself and McAnnelly?" "Yes, sir." Mr. Smythe: "And then you would accompany the train to where it was going?" "Yes, sir." "The whole crew?" "Yes, sir." It will doubtless be remembered that there was testimony that at the time McAnnelly was killed they were, as the witness stated it, "pulling out." This fact of the usual custom of the crew when they were "pulling out," coupled with the facts that McAnnelly's body was discovered between the rails, stretched out lengthwise and parallel with the rails, with a mark or track, apparently made by the body, from a point at which it would have fallen from the car, the forward trucks of which were derailed, to the place where it was found;—that the first evidences of the body being upon the track were, as one witness expresses it: "First mark I could discover was about six or eight feet from where the car left the track." "In which direction?" "East. It looked like print in the cinders of man's hip and shoulder;"—that from here to where McAnnelly's body was found there was a distinct mark, which, as all the witnesses testify, ap-

peared to be made by the hip and shoulder;—that there were no blood spots or marks, or indications of any kind or nature whatsoever, on either the rail or ties, that McAnnelly had been struck by the wheels; that the truck had been derailed and was running with one wheel on the ties on the outside of the rail, constitute an array of physical facts and set of circumstances which fully warranted the trial judge in submitting the case to the jury for their determination; and finding as the jury did, they would not be called upon, at any point in the case entering into such finding, to draw any inferences which would necessarily be violative of the rule of law which prescribes that “inferences must be drawn from facts proved;” nor do we think that the verdict rendered necessarily involved any speculation and conjecture, or other than reasonable and fair inferences in view of all the facts and circumstances proved on the trial as surrounding the killing of McAnnelly. The jury were well instructed as to their duty in the case and there was evidence sufficient to sustain the verdict rendered.

AFFIRMED.

JOSEPH LEE SHELLENBERGER V. FRANK T. RANSOM
ET AL.

FILED JUNE 27, 1894. No. 3147.

41	631
47	361
41	631
52	331
53	709
41	681
61	912

1. Statutes should be so construed as to give effect to the intention of the legislature, and if a statute is plain and unambiguous, there is no room for construction or interpretation.
2. Our statute of descent is plain and unambiguous, and by its own operation, and solely in accordance with its own terms, vests in the heir such estate as he is thereby entitled to, *eo instanti*, upon the death of the intestate from whom the inheritance comes.

Shellenberger v. Ransom.

3. **Descent in Case of Murder of Ancestor by Heir.** The former opinion in this case, reported in 31 Neb., 61, disapproved.

REHEARING of case reported in 31 Neb., 61.

3. *Sen. Sect* **M. L. Hayward**, for plaintiff in error. *Filed Dec 1899*

John C. Watson, Frank T. Ransom, George D. Scofield,
and *E. F. Warren, contra.*

RYAN, C.

An opinion was filed in this case on the 2d day of January, 1891. Subsequently a rehearing was granted, and thereon renewed arguments were made, and the case was again submitted. No controversy is now made as to the applicability of section 30, chapter 23, Compiled Statutes. This question was finally settled by the opinion already filed, which is found reported in 31 Neb., 61. The simplification thus accomplished has left but one question for consideration. This arose upon the demurrer, from which fact it is rendered necessary to state as concisely as possible the facts pleaded.

The petition was filed by Frank T. Ransom and John C. Watson, as plaintiffs, against Joseph L. Shellenberger, as defendant. In brief, this petition contained the averments that Emma Shellenberger, the owner of the northeast quarter of section 5, township 7 north, range 14 east of the 6th P. M., died intestate, leaving as her sole heirs at law her husband, Leander Shellenberger, and her two children, Maggie Shellenberger and Joseph L. Shellenberger; that upon her death the said land descended to her husband, Leander Shellenberger, during his life, during which time he was tenant of said land by his right of curtesy, Maggie and Joseph L. being entitled to the remainder after his death; that on April 29, 1886, Maggie Shellenberger died intestate, leaving as her only heir her father, Leander Shellenberger, whereupon Joseph L.

Shellenberger and Leander Shellenberger became tenants in common of the aforesaid property; that on May 3, 1886, said Leander Shellenberger and his wife, Miranda Shellenberger, by warranty deed duly conveyed their interest in said real property to plaintiffs, the same being, as alleged, the life estate of Leander and the undivided one-half of the remaining estate; that on the 23d day of July, 1887, said Leander Shellenberger departed this life, whereupon plaintiffs and Joseph L. Shellenberger became the owners of said land as tenants in common. There were other allegations made with the view of demonstrating the necessity of a partition. The prayer was as follows: "The plaintiffs therefore pray for judgment confirming the shares of the parties as above set forth, and for a partition of said real estate according to the respective rights of the parties interested therein; or, if the same cannot be equitably divided, that the premises may be sold and the proceeds thereof divided between the parties according to their respective rights, and for such other relief as equity may require."

The initial averments of the answer were in denial of each and every allegation of the petition except as in said answer the same should be expressly and specifically admitted. Following this denial the answer was in this language: "That on or about the — day of —, 18—, said Emma Shellenberger died intestate, seized of the premises, leaving as her sole heirs at law the defendant Joseph L. Shellenberger and Maggie Shellenberger, and her then husband, Leander Shellenberger, and upon the death of the said Emma Shellenberger the said land descended to the said Joseph L. Shellenberger and Maggie Shellenberger, her children and sole heirs at law, subject to the life estate of her husband, Leander Shellenberger, during his life, and said Leander became and was the tenant of said land by his right of curtesy, with the remainder after his death to the defendant and Maggie Shellenberger; that on or

about the 27th day of April, 1886, the said Leander Shellenberger, willfully, feloniously, and of his deliberate, premeditated malice, did kill and murder his daughter, Maggie Shellenberger, and she then and there died intestate and without issue, leaving her father, Leander Shellenberger, who murdered her for the purpose of possessing himself of her estate and title in fee-simple to the land aforesaid, and said plaintiffs claim that by and through said murder and the death of said Maggie Shellenberger the said Leander Shellenberger became a tenant in common of said premises with the survivor, Joseph L. Shellenberger; that on or about the 1st day of May, 1886, the said Leander Shellenberger was arrested and charged with the murder of said Maggie Shellenberger; that the said complainants herein, well knowing of the facts, and being attorneys at law, undertook the defense of said Shellenberger, and to secure them for their said services the said Leander Shellenberger did, on or about the 3d day of May, 1886, with his wife, Miranda Shellenberger, duly convey to the plaintiffs, by warranty deed duly executed, their interest in said premises, being the estate, as claimed by the complainants, for life of Leander Shellenberger, and one undivided one-half of the remainder; that shortly thereafter the said Leander Shellenberger was indicted and charged with the murder of said Margaret Shellenberger, and such proceedings were had in said cause in the state of Nebraska against Leander Shellenberger, indicted for the murder of his daughter, the said Maggie Shellenberger, that at the November term of the district court, sitting within and for Otoe county, in the year 1886, he was convicted and sentenced for said murder, which sentence and judgment of the court remains unreversed in said court; that afterwards, and on or about the 23d day of July, 1887, the said Leander Shellenberger was * * * hanged, and the defendant herein answering, charges and avers the fact to be that the said plaintiffs in said petition, at the time they

Shellenberger v. Ransom.

took a conveyance of said premises from said Leander Shellenberger and wife, well knew the facts, that the said Leander Shellenberger came to the said lands by the murder of his child, Maggie Shellenberger, and well knew all the proceedings in said court, resulting in his conviction, the judgment and sentence, and this defendant herein answering says, that the said Leander Shellenberger could acquire no estate, interest, or right, or title in and to the lands in controversy by and through his act of the murder of Maggie Shellenberger; and this defendant in further answering says, that the said Leander Shellenberger did willfully, maliciously, and of his premeditated malice kill and murder the said Maggie Shellenberger, * * * for the sole purpose of removing her from this life that he might inherit the lands which descended to her by and through the death of her mother; that the defendant in further answering says, that it is contrary to the law of the land that any should be permitted to come to an estate or an inheritance by their own willful act of murder; and the said defendant further answering says, that the said Leander Shellenberger could take no estate from the said Maggie Shellenberger, whose death he had compassed and produced, and that he took no estate to himself, and conveyed none to the said plaintiffs herein, and the said plaintiffs acquired no right, title, or interest in and to the said estate by and through the death of said Maggie Shellenberger, caused by said Leander Shellenberger as hereinbefore alleged.

“The said defendants therefore pray that this court will order a judgment and decree that the said Leander Shellenberger took no estate from the said Maggie Shellenberger, whose death was by him compassed and produced by willful murder, and that the said estate upon her death, and her interest in said estate upon her death, caused by the willful murder of the said Leander Shellenberger, descended to this defendant, and the said Leander Shellen-

Shellenberger v. Ransom.

berger took nothing by and through his act of willful murder of his own daughter; and for such other and further relief in the premises as equity and good conscience shall decree.

O. P. MASON,

"Guardian ad litem for Joseph L. Shellenberger."

To this answer plaintiffs demurred on the ground that it "did not state the facts sufficiently to constitute a defense to the said plaintiffs' cause of action." This demurrer was sustained, and, the defendant having elected to stand on his answer, judgment was rendered for such relief as was prayed in plaintiffs' petition, and appointing referees to make partition accordingly. These referees reported that partition could not be advantageously made of the property in kind, whereupon it was ordered sold, and that the proceeds of the sale should be divided between the parties plaintiffs of one part and the defendant of the other part. The defendant Joseph L. Shellenberger, by his guardian *ad litem*, as plaintiff in error, then brought the case to this court for a review of the ruling on the aforesaid demurrer and the judgment which logically followed it.

In the answer it was alleged, as will be noted by reference to the quotation just made, that plaintiffs, well knowing the facts, and to secure payment of their fees as attorneys at law in the defense of said Leander Shellenberger, received the conveyance by virtue of which they claim to be vested with the title to one-half of the property in question. This averment, admitted as it is by the demurrer, does away with the argument attempted as respecting the rights of *bona fide* purchasers. Under the circumstances charged, and admitted to be true for the purposes of the demurrer, the defendants in error are vested with no higher or better rights than could be asserted by Leander Shellenberger in his own behalf. The naked question presented is, whether or not the murder of an intestate by one to whom ordinarily as heir the property would have descended formed an exception to the statutory rules of inheritance.

The opinion hereinbefore filed affirmed this proposition; its correctness will now receive consideration.

Section 30, chapter 23, Compiled Statutes, provides: that "When any person shall die seized of any lands, tenements, or hereditaments, or of any right thereto, or entitled to any interest therein in fee-simple, or for the life of another, not having lawfully devised the same, they shall descend, subject to his debts, in the manner following: * * * Second—If he shall have no issue, his estate shall descend to his widow during her natural lifetime, and, after her decease to his father; and if he shall have no issue nor widow, his estate shall descend to his father." This statute has regulated the descent of real property in this state at least since 1866, for it is found in the Revised Statutes of that date. In the former opinion, COBB, C. J., said: "The principle of these cases [*New York Mutual Life Ins. Co. v. Armstrong*, 117 U. S., 599, and *Riggs v. Palmer*, 115 N. Y., 506], especially that of *Riggs v. Palmer*, is applicable to the case at bar; their analogies are immediate and certain." As these two cases seem to have specially influenced the court in arriving at its former conclusion, a brief consideration and analysis of them will not be foreign to our purpose.

New York Mutual Life Ins. Co. v. Armstrong was an action brought by the administratrix of the estate of John M. Armstrong, deceased, upon a life insurance policy issued to said intestate. This policy was what is known as an endowment policy; that is, a policy payable to the assured if he live a designated time, but to some other person named if the assured should die before the expiration of that time. It was payable, subject to certain conditions, to the assured, or his assigns, on December 8, 1897, or, if he should die before that time, to his legal representatives. Within six weeks after the issue of the policy the assured was murdered, and suspicion fell upon one Hunter, who held an assignment of the aforesaid policy, and who had been very

officials in procuring it to be issued to Armstrong. Upon a trial duly had Hunter was convicted of the aforesaid murder, and was accordingly hanged. The company set up several defenses to the action, one of which was that the policy was obtained by Hunter with the intent to cheat and defraud the company by compassing the death of the assured by felonious means and collecting the amount of the insurance,—a design which he attempted to carry out by causing the death of the assured. Mr. Justice Field, in delivering the opinion of the court, discussed the right of the company to show that Hunter had in like manner procured to be issued other policies of insurance in the same manner as he had procured the issue of the policy upon which a recovery was sought. No other discussion, except incidentally of the assignability of the policy, is to be found in the opinion of Justice Field, though in closing it he said: "But independently of any proof of the motives of Hunter in obtaining the policy, and even assuming that they were just and proper, he forfeited all rights under it when, to secure its immediate payment, he murdered the assured. It would be a reproach to the jurisprudence of the country if one could recover insurance money payable on the death of the party whose life he had feloniously taken; as well might he recover insurance money upon a building which he had willfully fired." No representative of Hunter was a party to the suit, and the language quoted was, therefore, in so far as it referred to the rights of Hunter, mere *obiter dictum*.

It may be that our statement, that the language above quoted was the only language which bore on the proposition which we have under consideration, should in a slight degree be qualified. That it may be literally exact, a quotation will be made of expressions used argumentatively by Justice Field in his discussion of the admissibility of the evidence of the contemporaneous conduct of Hunter, to which reference has heretofore been made. He said: "The

assignment conveying to Hunter the whole interest of the assured, his representatives alone would have a valid claim under it if the policy were not void in its inception. Proof, therefore, that he caused the death of the assured by felonious means must necessarily have defeated a recovery, and the court erred in refusing to admit testimony tending to prove that such was the fact." The language of Justice Field first above quoted, standing alone, is inapplicable to the facts stated in his opinion. From the statement of the case which he was discussing, considered in connection with the quotation from his opinion last made, it is evident that both his quotations had reference to the admissibility of proffered evidence of like contemporaneous conduct of Hunter. From his opinion, as an entirety, it is evident that proof of this conduct was deemed admissible because of the relationship of Hunter to the policy, independently of the assignment thereof to him. If, as it was claimed, the evidence showed that Hunter acted as the agent of the assured, or in the interest of the assured in obtaining the issue of the policy in question, his own fraudulent conduct was rightfully considered in determining the validity of such policy as forming a basis for a recovery, no matter though the action had been brought by the representative of the assured. As the language quoted was pertinent to the issues presented, and the rights of the parties depended on no other theory, it must be assumed that upon this theory alone the case was decided. While this view renders the quoted language applicable to matters under discussion, it in equal degree renders it foreign to the facts of the case at bar. This court was, therefore, mistaken in assuming that the analogies of the case of the *New York Mutual Life Ins. Co. v. Armstrong*, *supra*, were, as applied to the case at bar, "immediate and certain."

The majority opinion in *Riggs v. Palmer*, 115 N. Y., 506, was, however, that upon which the former conclusion of this court was specially based. In the statement of

Shellenberger v. Ransom.

that case it was said that "this action was brought to have the will of Francis B. Palmer, deceased, so far as it devises and bequeaths property to Elmer E. Palmer, canceled and annulled." The facts involved, as given by Earle, J., in delivering the majority opinion, were as follows: "On the 13th day of August, 1880, Francis B. Palmer made his last will and testament, in which he gave small legacies to his two daughters, Mrs. Riggs and Mrs. Preston, the plaintiffs in this action, and the remainder of his estate to his grandson, the defendant Elmer E. Palmer, subject to the support of Susan Palmer, his mother; with a gift over to the two daughters, subject to the support of Mrs. Palmer, in case Elmer should survive him and die under age, unmarried and without any issue. The testator at the date of his will, owned a farm and considerable personal property. He was a widower, and thereafter, in March, 1882, he was married to Mrs. Bresee, with whom, before his marriage, he entered into an ante-nuptial contract, in which it was agreed that in lieu of dower and all other claims upon his estate, in case she survived him, she should have her support upon his farm during her life, and such support was expressly charged upon the farm. At the date of the will, and subsequently to the death of the testator, Elmer lived with him as a member of his family, and at his death was sixteen years old. He knew of the provisions made in his favor in the will, and that he might prevent his grandfather from revoking such provisions, which he had manifested some intention to do, and to obtain the speedy enjoyment of possession of his property he willfully murdered him by poisoning him. He now claims the property, and the sole question for our determination is, can he have it?" Much of the opinion of Judge Earle was devoted to a defense of what he calls "rational interpretation." Quoting from Rutherford's Institutes, he said: "When we make use of 'rational interpretation,' sometimes we restrain the meaning of the writer so as to take in less,

and sometimes we extend or enlarge its meaning so as to take in more than his words express." In the former opinion filed in this case there is quoted approvingly from the aforesaid majority opinion, delivered by Judge Earle, this language: "It is a familiar canon of construction that a thing which is within the intention of the makers of the statute is as much within the statute as if it were within the letter; and a thing which is within the letter of the statute is not within the statute unless it be within the intention of the makers." The language just quoted was originally used with reference to the construction of a will, but was by COBB, C. J., applied to our statute of descent. For this reason it will hereinafter be considered as though applicable to statutory construction. The conclusion reached by the reasoning of Judge Earle in *Riggs v. Palmer*, as well as that in this case, was based very largely on that species of judicial legislation above characterized as "rational construction." If courts can thus enlarge statutory enactments by construction, it may be that the references in the majority opinion in *Riggs v. Palmer* to the provisions of the civil law were very apt as illustrating how, by rational interpretation, our statutes should be made to read. This reference to the civil law was as follows: "Under the civil law, evolved from the general principles of natural law and justice by many generations of juriconsults, philosophers, and statesmen, one cannot take property by inheritance or will from an ancestor or benefactor whom he has murdered. (Domat's Civil Law, part 2, book 1, tit. 1, sec. 3; Code Napoleon, sec. 727; Mackeldy's Roman Law, 530-550.) In the Civil Code of Lower Canada the provisions on the subject in the Code Napoleon have been substantially copied." If our statutes of descent contained the above provisions, there would be no difficulty in sustaining the conclusion reached in the former opinion. It is because of their absence that the difficulty arises. The necessity of resorting to what is denominated "rational interpretation"

Shellenberger v. Ransom.

is a confession that our statute in that respect falls short of what it is deemed proper it should have provided. Indeed, there are expressions in the former opinion which in terms very nearly confess that the result reached was by judicial legislation. An instance of this is found in the following quotation therefrom: "I quite agree with the court of appeals that had it been in the minds of the framers of our statute of descent that a case like this would arise under it, they would have so framed the law that its letter would have left no hope for the obtaining of an inheritance by such means."

Similar illustrations and applications of the principle of rational interpretation to those made use of by the writer of the majority opinion in *Riggs v. Palmer* will be found referred to in Sedgwick on the Construction of Statutory and Constitutional Law, at the beginning of the sixth chapter. They are commented on in this language: "These and similar discussions have amused the fancy and exhausted the arguments of text-writers. I cannot, however, consider them of much value for the student of jurisprudence. Ours is eminently a practical science. It is only by an intimate acquaintance with its application to the affairs of life, as they actually occur, that we can acquire that sagacity requisite to decide new and doubtful cases. Arbitrary formulæ, metaphysical subtleties, fanciful hypotheses, aid us but little in our work." Later on in the same chapter this author says: "We may, therefore, affirm, as a general truth, that independently of constitutional questions, and independently of those doctrines of liberal and strict construction which really, as I have said, vest a sort of legislative power in the judge, the object, and the only object, of judicial investigation, in regard to the construction of doubtful provisions of statute law, is to ascertain the intention of the legislature which framed the statute. This rule, though often asserted, has been in practice frequently lost sight of; but there is abundant authority to sustain it.

'The only rule,' says Lord Ch. J. Tindal, 'for the construction of acts of parliament is, that they should be construed according to the intent of the parliament which passed the act;' [citing *Dukedom of Sussex*, 8 London Jur., 795]. The rule is, as we shall constantly see, cardinal and universal, that if the statute is plain and unambiguous, there is no room for construction or interpretation. The legislature has spoken; their intention is free from doubt, and their will must be obeyed. 'It may be proper,' it has been said in Kentucky, 'in giving a construction to a statute, to look to the effects and consequences when its provisions are ambiguous, or the legislative intention is doubtful; but when the law is clear and explicit, and its provisions are susceptible of but one interpretation, its consequences, if evil, can only be avoided by a change of the law itself, to be effected by legislative and not judicial action; [citing *Bosley v. Mattingly*, 14 B. Monroe [Ky.], 89]. So, too, it is said by the supreme court of the United States: 'Where a law is plain and unambiguous, whether it be expressed in general or limited terms, the legislature should be intended to mean what they have plainly expressed, and consequently no room is left for construction;' [citing *United States v. Fisher*, 2 Cranch, 358-399; *Case v. Wildridge*, 4 Ind., 51].

GANTT, J., delivering the opinion of this court in *Hurford v. City of Omaha*, 4 Neb., 352, said: "It is said that 'no principle is more firmly established, or rests on a more secure foundation, than the rule which declares, when a law is plain and unambiguous, whether it be expressed in general or limited terms, that the legislature shall be intended to mean what they have plainly expressed;' and again, that the intention of the legislature should control absolutely the action of the judiciary. Where that intention is clearly ascertained, the courts have no other duty to perform than to execute the legislative will, without any regard to their own views as to the wisdom or justice of

Shellenberger v. Ransom.

the particular enactment. (Sedg. on Stat. and Con. Law, 325.)”

In our statute of descent there is neither ambiguity nor room for construction. The intention of the legislature is free from doubt. The question is not what the framers of our statute of descent would have done had it been in their minds that a case like this would arise, but what in fact they did, without perhaps anticipating the possibility of its existence. This is determined, not by hypothetical resort to conjecture as to their meaning, but by a construction of the language used. The majority opinion in *Riggs v. Palmer*, as well as the opinion already filed in this case, seem to have been prompted largely by the horror and repulsion with which it may justly be supposed the framers of our statute would have viewed the crime and its consequences. This is no justification to this court for assuming to supply legislation, the necessity for which has been suggested by subsequent events, but which did not occur to the minds of those legislators by whom our statute of descent was framed. Neither the limitations of the civil law nor the promptings of humanity can be read into a statute from which, without question, they are absent, no matter how desirable the result to be attained may be. The legislature of this state, in 1873, adopted chapter 21, Compiled Statutes, providing for compensation for the widow and next of kin of a person whose death is caused by the wrongful act of another, even when such wrongful act amounts to a felony. This created a right of action which, but for the statute, would have had no existence. The facts of the case at bar may impress upon some future legislature the necessity of an amendment of our law of descent. From that source alone can such an amendment come. Originally, it is probable that the necessity for the act of 1873 was suggested by a case of hardship. The case at bar may prompt other legislation with respect to our statute of descent.

As the case of *Riggs v. Palmer* afforded the precedent which strongly influenced this court in reaching the conclusion heretofore announced, it will be profitable, as illustrating the dangers attending the use of case law, to call attention to a portion of the opinion delivered by Judge Earle, and to his misplaced reliance upon *New York Mutual Life Ins. Co. v. Armstrong*, *supra*, of which an analysis has hereinbefore been given. He said: "Besides, all laws, as well as all contracts, may be controlled in their operation and effect by general fundamental maxims of the common law. No one shall be permitted to profit by his own fraud, or to take advantage of his own wrong, or to found any claim upon his own iniquity, or to acquire property by his own crime. These maxims are dictated by public policy, have their foundation in universal law administered in all civilized countries, and have nowhere been superseded by statutes. They were applied in the decision of the case of *New York Mutual Life Ins. Co. v. Armstrong*, 117 U. S., 591. There it was held that the person who procured a policy upon the life of another, payable at his death, and then murdered the assured to make the policy payable, could not recover thereon. Mr. Justice Field, writing the opinion, said: 'Independently of any proof of the motives of Hunter in obtaining the policy, and even assuming that they were just and proper, he forfeited all rights under it when, to secure its immediate payment, he murdered the assured. It would be a reproach to the jurisprudence of the country if one could recover insurance money payable on the death of a party whose life he had feloniously taken; as well might he recover insurance money upon a building that he had willfully fired.'" It is apparent from this quotation that the author of the opinion assumed that the action in the case of *New York Mutual Life Ins. Co. v. Armstrong* was brought by the representative of Hunter, and not by the representative of the assured. This misapprehension of the real interests in

Shellenberger v. Ransom.

controversy, and which were really adjudicated in that case, influenced the majority of the court of appeals of New York, and, by the superadded force thereby given it, this court was also led into error by the majority opinion in *Riggs v. Palmer*. From the application of an improper rule for the construction of statutes, and from the evident misconception of the points decided in *New York Mutual Life Ins. Co. v. Armstrong, supra*, we are led to believe that a rehearing was very properly granted in this case, and that it should be determined independently of the controlling force which at first was accorded to the cases cited, as supporting the views already announced in the opinion heretofore filed.

Reference has hereinbefore been confined to the majority opinion in *Riggs v. Palmer, supra*. Two of the seven judges, constituting that court, dissented. Gray, J., wrote the dissenting opinion, in which he said: "I cannot find any support for the argument that the respondent's succession to the property should be avoided because of his criminal act, when the laws are silent. Public policy does not demand it, for the demands of public policy are satisfied by the proper execution of the laws and the punishment of the crime. There has been no convention between the testator and his legatee, nor is there any such contractual element in such a disposition of property by a testator as to impose or imply conditions in the legatee. The appellant's argument practically amounts to this: That as the legatee has been guilty of a crime, by the commission of which he is placed in a position to sooner receive the benefits of the testamentary provision, his rights to the property should be forfeited, and he should be divested of his estate. To allow their argument to prevail, would involve the diversion by the court of the testator's estate into the hands of persons whom, possibly enough, for all we know, the testator might not have chosen or desired as its recipients. Practically the court is asked to make another will

for the testator. The laws do not warrant this judicial action, and mere presumption would not be strong enough to sustain it." This language commends itself as more nearly correct in principle, as applied to the case at bar, than to the case in which it was used, for in the latter it applied to the result effected by a will duly executed and probated. In the case at bar there is presented for determination the effect of a statute under and by virtue of which there is vested a certain estate, independently of every other consideration than the death of the ancestor. The force of this distinction is the more apparent when we recall the fact that the case of *Riggs v. Palmer* was brought to have the will of the testator canceled and annulled in so far as it devised and bequeathed property to the testator's murderer. Under such circumstances it might be very plausibly urged that if the testator had understood that his murder had been contemplated by his legatee to prevent the possibility of a revocation of the bequest to him, such revocation would have speedily followed, and upon this assumption the court might have been asked, with a show of propriety, to declare the revocation, which, but for the wrongful act of the legatee, would have deprived him of the bequest in his favor. It is not to be understood that we undertake to determine this either way. What we mean is, merely to illustrate the fact that in the case of *Riggs v. Palmer* the question of properly inferable unconsummated intention might have been plausibly urged, while in the case at bar there is no room even for plausibility.

The case of *Owens v. Owens*, 100 N. Car., 240, was where a widow was convicted of being accessory before the fact for the murder of her husband. She afterwards brought suit to have her dower assigned in the real property of which her husband died seized. As applicable to the facts of the case at bar, we quote from the opinion delivered in that case, as follows: "The natural feeling in-

Shellenbeger v. Ransom.

spired by her proved co-operation in the unnatural and wicked act of taking her husband's life, and thus availing herself of the generous provision of the law that secures her surviving a home for life, is repugnant to a claim preferred under such circumstances of perfidy to the marital relations. In the absence of authority, the well instructed and able judge who tried the cause ruled against the allowance of dower, as it would in fact be 'to reward crime' by conferring benefits that result from and are procured by its commission. We feel ourselves unable to concur in this conclusion, for the reason that, while the law gives the dower and makes it paramount to the claims of creditors even, there is no provision for its forfeiture for crime, however heinous it may be, and even when the husband is its victim. The only statutory provision which, for criminal misbehavior, bars an action prosecuted for the recovery of dower is where she shall commit adultery, and shall not be living with her husband at his death. * * * As there is no other act of the wife which by statute known to us works a forfeiture, we do not see how any legal obstacle can be in the way of her seeking to get what the law in unqualified terms gives her." These conclusions have the countenance of other courts of more limited jurisdiction than those whose views have been given, but whose powers of discernment should not therefore be underestimated.

In the circuit court of Preble county, Ohio, the case of *Deem v. Milliken* was determined, and is found reported in 6 Ohio Circuit Court Rep., 357. The opinion of the three judges comprising that court was delivered by Shauck, J. The defendants in error, by their answers and cross-petitions, alleged, in the court of common pleas, that Caroline Sharkey died intestate January 11, 1889, seized in fee of certain real estate, leaving surviving her a son, Elmer L. Sharkey, her sole heir at law; that thereafter Elmer executed to the defendants in error several mortgages to secure the payment of certain promissory notes. Their cross-

petition contained appropriate averments as to the execution of the notes and mortgages, and for the assertion of a lien upon said real estate by virtue thereof. Answering this cross-petition, the plaintiffs in error, who are brothers and sisters of said Caroline Sharkey, deceased, admitted that said Elmer L. Sharkey was the son and only child of said Caroline Sharkey; that she died intestate, and alleged that on or about the 11th day of January, 1889, the said Elmer L. Sharkey murdered his mother for the purpose of succeeding to her title to the real estate, and that by due process of law he had been hanged on December 19, 1890, wherefore the plaintiffs in error alleged that said real estate did not descend to said Elmer L. Sharkey. In the court of common pleas demurrers to these answers were sustained, and distribution was ordered in favor of the mortgagees. In the opinion delivered in the circuit court, on error, the following apt and forcible language occurs: "The statute of descents neither recognizes a mischief nor provides a remedy. It is a legislative declaration of a rule of public policy. With respect to remedial statutes the rule quoted has frequent and salutary operation. The mischief and the remedy indicate the intention of the legislature and guide the court in giving it effect; but the rule affords no warrant for adding an important exception to a statute which, in clear language, defines a rule of public policy. Even in the consideration of remedial statutes courts should be guided by the maxim '*index animi sermo*,' and the interpretation should be consistent with the language employed. Knowledge of the settled maxims and principles of statutory interpretation is imputed to the legislature. To the end that there may be certainty and uniformity in legal administration, it must be assumed that statutes are enacted with a view to their interpretation according to such maxims and principles. When they are regarded, the legislative intent is ascertained. When they are ignored, interpretation becomes legislation in disguise.

Shellenberger v. Ransom.

The well considered cases warrant the pertinent conclusion that when the legislature, not transcending the limits of its power, speaks in clear language upon a question of policy, it becomes the judicial tribunals to remain silent. (*Hadden v. Collector*, 5 Wall. [U. S.], 107; *Hyatt v. Taylor*, 42 N. Y., 258; *In re Powers*, 25 Vt., 261; *State v. Liedtke*, 9 Neb., 468; *Flint Plank Road Co. v. Woodhull*, 25 Mich., 99; *Jewell v. Weed*, 18 Minn., 272; *Woodbury v. Berry*, 18 O. St., 456; *Bruner v. Briggs*, 39 O. St., 478; *Kent v. Mahaffey*, 10 O. St., 204.) The decision in *Riggs v. Palmer* is the manifest assertion of a wisdom believed to be superior to that of the legislature upon a question of policy. Chief Justice Redfield (*In re Powers*) observes: 'It is scarcely necessary, we trust, at this late day, to say that the judicial tribunals of the state have no concern with the policy of legislation.'"

It is unnecessary to enlarge upon this subject. We cannot, however, forbear observing that the title vested in Leander Shellenberger by operation of law, and was dependent upon no condition, not even his acceptance. Upon the death of Maggie Shellenberger, the title vested in her father *eo instanti*. The language of section 30, chapter 23, Compiled Statutes, is comprehensive and free from ambiguity, and we have been able to find no justification for interference with it.

The former opinion filed in this case is disapproved and the judgment of the district court is

AFFIRMED.

41	651
51	134
41	651
60	653

STATE OF NEBRASKA, EX REL. FIRST NATIONAL BANK
OF STANTON, NEBRASKA, V. H. E. OWEN ET AL.

FILED JUNE 27, 1894. No. 5623.

1. **County Boards: DUTIES: DEPOSITORIES: APPLICATIONS: BONDS.** Under the provisions of chapter 50, Session Laws of 1891, it is the duty of the county board to act on the propositions of each bank to become a depository of current funds of the county, as well as to approve the bond incident to that relation.
2. ———: ———: ———: **MANDAMUS.** The mere fact that a county treasurer has assumed to designate the bank in which he himself shall deposit current funds of the county, and to fix the penal sum of the necessary bond, confers upon the bank designated no right by *mandamus* to compel the county board to approve the sufficiency of the sureties on such bond.

ORIGINAL application for *mandamus*.

John A. Ehrhardt, for relator.

C. C. McNish, W. W. Young, A. A. Kearney, and Barnes & Tyler, contra.

RYAN, C.

This was an original application in this court, made in 1892, for a *mandamus* to compel H. E. Owen, F. P. Carroll, and John W. Tyler, county commissioners of Stanton county, to approve a bond for the safe keeping of the current funds of Stanton county. The county treasurer was made a defendant, the prayer as to him being that, upon the approval of the bond above referred to, he should be required to deposit the said funds with the relator, the First National Bank of Stanton. This last prayer was entirely unnecessary; for from the whole record, including briefs of counsel, it is very evident that the said treasurer was exceedingly anx-

ious to make the deposit according to the relator's prayer. This county treasurer received the application of the relator, approved it and accepted it, provided a bond of \$50,000 should be given and be accepted by the county board, and said board was immediately notified of this action of the treasurer. The case was referred for findings as to certain facts alleged to exist. The referee found, and it is uncontradicted, that the county treasurer was a stockholder and director of the relator. On the 12th of July, 1892, Mr. Pilger, the county treasurer, notified the relator that its proposition had been accepted. The Stanton State Bank, on the 14th of July, offered to pay for the privilege of keeping the deposits five per cent per annum, reckoned on the daily average balances. This was one and one-half per cent higher than had been offered by the relator. It was found by the referee that Mr. Carroll, one of the county commissioners, was a stockholder and director in the aforesaid Stanton State Bank, but it was also found that each of the two banks was solvent, and no doubt is suggested as to the sufficiency of the bond of either. The question presented is, whether or not the county commissioners should by *mandamus* be compelled to approve the bond tendered by the relator.

Chapter 50 of the Session Laws of 1891 requires the county treasurer of every county in this state to deposit at all times, and keep in deposit for safe keeping, in state or national banks, the amounts of the several current funds on hand. Payments are to be made as demanded by the county treasurer, on his check. The depository banks are required to pay for the privilege of keeping such deposits interest amounting to not less than three per cent per annum upon the amounts deposited, subject to such regulations as are imposed by law and the rules adopted by the county treasurer for holding and receiving such deposits. For the security of the funds deposited, the county treasurer is required to exact from the depository the giving of a bond

for the safe keeping and payment of such deposits and the accretions thereof, which bond shall run to the people of the county, and be approved by the county board, conditioned that certain statements shall be made, as well as payments, as required by the county treasurer. The making of profit, directly or indirectly, by the county treasurer upon the funds belonging to the county, or improper removal of the same, is made punishable by fine and imprisonment. So also is the county treasurer's willful failure or refusal to perform any act required of him by the provisions of the chapter under consideration. The last proviso in this act is in the following language: "Sec. 11. *Provided further*, That no treasurer shall be liable on his bond for money on deposit in bank under and by direction of the proper legal authority, if said bank has given bond." The relator asserts, in effect, that the proper legal authority under and by whose direction are to be made the deposits in bank is the county treasurer. The provisions which have any reference whatever to the duty of the county treasurer under this act have been set forth fully, and nowhere therein is there found any authority for him to direct in what bank deposit shall be made. It may be truly said that the act is silent as to this matter. In such event resort must be had to the law in force, independently of this particular statute. The general supervision of county affairs and finances, including the power to make orders respecting the property of the county, are intrusted to the discretion of the county boards of the several counties. (Sec. 23, ch. 18, Comp. Stats.) As there was no attempt by the provisions of chapter 50, Session Laws, 1891, to amend the section just referred to, it must be assumed that the reference to "proper legal authority" in section 11, chapter 50, aforesaid, was to the county board, except in so far as by law it was otherwise specially provided. It would be anomalous to hold that this section (11) recognized the county treasurer as the proper legal authority to

State v. Owen.

designate in what bank deposits should be made, when by the very fact of compliance with such requirement made by himself he is released from liability on his bond. As if to illustrate the practical working of such a construction, the county treasurer in this case seeks to have designated as the place of deposit a bank in which he is a stockholder and an officer. The act expressly provided that he should be punished if he made any profit, directly or indirectly, on any county money with the custody of which he was intrusted, and yet this court is asked upon his designation of the place of deposit to require the county board to enable him indirectly to make such profit, by approving the bond which he has seen fit to require. A *mandamus* will lie for no such purpose. It may be said that one of the county commissioners is a stockholder and director of the Stanton State Bank. He is refusing to act, however, and for this reason a proceeding in *mandamus* is being prosecuted as against him. If he is acting as a partisan of the Stanton State Bank, he is reflecting little credit upon himself as an officer of the county, and is very censurable. We are not justified in ascribing to him so base a motive, and even if we did, there are two other members of this board and they could be safely trusted to act,—at least the statute devolves the duty upon a majority of the county board. The presumption is that they will perform their duty according to law, and upon them must devolve this responsibility. The relator has shown no reason whatever for the issue of the writ prayed and it is accordingly denied.

WRIT DENIED.

LEOPOLD DOLL ET AL. V. CHARLES CRUME.

FILED JUNE 27, 1894. No. 5663.

1. **Contracts: CONSIDERATION: MUNICIPAL CORPORATIONS.** The awarding of a contract by a municipal corporation for an improvement for it is a sufficient consideration to support the promise of a contractor, made to the corporation, to pay for all labor and material furnished him in executing said contract.
2. **Municipal Corporations: AUTHORITY TO REQUIRE CONTRACTOR TO GIVE BOND TO PAY FOR LABOR AND MATERIALS.** Neither an express statute of the state nor an ordinance of a municipal corporation is necessary to its authority to require of its contractor a bond to pay for all labor and material furnished him in the execution of his contract with such corporation.
3. ———: ———. *Sample v. Hale*, 34 Neb., 220, and *Lyman v. City of Lincoln*, 38 Neb., 794, followed and reaffirmed.
4. **Actions: PROMISE FOR BENEFIT OF THIRD PERSON.** Where one person makes a promise to another for the benefit of a third person, such third person can maintain an action upon the promise, although the consideration does not move directly from him. *Shamp v. Meyer*, 20 Neb., 223, and *Barnett v. Pratt*, 37 Neb., 349, followed and reaffirmed.
5. **Bonds: PRINCIPAL AND SURETY: CONTRACTS WITH MUNICIPAL CORPORATIONS: ESTOPPEL.** The city of South Omaha let a contract for grading its streets to one Davis. McGavock and Doll signed the contract as sureties for Davis. The contract provided that Davis should be paid forty-five per cent of the estimated cost of the work when two-thirds of it was completed; that Davis would complete the work in one hundred and eighty days; that he would pay for all labor and material furnished him in executing his contract; that "said parties of the third part [McGavock and Doll] hereby guaranty that the said party of the second part [Davis] will well and truly perform the covenant hereinbefore contained to pay all laborers employed on said work; and if said laborers are not paid in full by said party of the second part, that said third party hereby agrees to pay for said labor, or any part thereof, which shall not be paid by said second party within ten days after the money for said labor becomes due and payable." On completion of two-thirds

41	655
45	812
41	655
46	649
41	655
47	180
47	818
41	655
49	673
53	461
50	530
53	476
54	662
41	655
57	171

Doll v. Crume.

of the work the city paid Davis ninety per cent of the estimated cost thereof. The city granted Davis an extension of time for the completion of his contract beyond the time fixed therein. One Crume sued McGavock and Doll for the value of labor he had performed for Davis under his contract with the city. *Held*, (1) That the contract between the city and Davis and his sureties, and the promises and liabilities of the latter thereon, were of a dual nature,—a promise to the city that Davis should perform the work in the time and manner he had agreed, and a promise, in effect, to Crume to pay him for the labor he should perform for Davis; (2) that the city's overpaying Davis and extending the time of performance of his contract did not release the sureties from their contract to pay Davis' laborers; (3) that if the city had precluded itself from calling on the sureties to make good to it any default of Davis, its acts did not estop the laborers of Davis from enforcing against the sureties their contracts and promises.

ERROR from the district court of Douglas county. Tried below before DOANE, J.

Guy R. C. Read and Francis A. Brogan, for plaintiffs in error.

George A. Magney, contra.

RAGAN, C.

On the 28th day of January, 1890, one Oliver Davis entered into a contract with the city of South Omaha to grade certain of its streets. By the terms of this contract Davis was to have the work completed in one hundred and eighty days from the date of the contract. He promised not to assign the contract nor sublet the work. The city, on its part, agreed to pay him for the work certain of its warrants drawn on certain funds. Davis was first to grade L street, and when that was completed was to have forty-five per cent of the estimated cost of grading that street; and when two-thirds of all the work was completed he was to have another estimate of forty-five per cent of the cost of the work completed. This contract between Davis and

Doll v. Crume.

the city was also signed by Leopold Doll and Alexander McGavock and they signed as sureties for Davis. The work was not completed in one hundred and eighty days. The city, instead of making payments to him of forty-five per cent of the cost of the work done, paid him ninety per cent of the estimated cost of such work. On the 31st day of May, 1890, Davis assigned all his interest in the contract to a bank, and on September 8, 1890, the city granted to Davis a further time in which to complete the work under the contract. The contract contained two provisions, as follows:

"The second party [Davis] further agrees that he will pay all laborers and material-men on the work embraced in this contract."

"Said parties of the third part [Doll and McGavock] hereby guaranty that the said party of the second part [Davis] will well and truly perform the covenant hereinbefore contained to pay all laborers employed on said work; and if said laborers are not paid in full by said party of the second part, that said party of the third part hereby agrees to pay for said labor, or any part thereof, which shall not be paid by said second party within ten days after the money for such labor becomes due and payable; and this provision shall entitle any and all laborers performing labor on the improvements to be done under this contract to sue and recover from said third parties, or either of them, the amount due and unpaid to them, or either of them, by said second party; but said third party shall not be liable on this guaranty on account of said labor beyond \$15,000, the estimated cost of the labor on said work."

One Charles Crume sued Leopold Doll and Alexander McGavock on this contract, in the district court of Douglas county, for labor which he had performed for Davis under his contract with the city of South Omaha. Crume had a verdict and judgment and Doll and McGavock bring the case here for review.

1. The first argument relied on here for a reversal of this judgment is that the city of South Omaha had no authority or capacity to exact from the contractor or his sureties a condition that they pay the claims of laborers. This question was before this court in *Sample v. Hale*, 34 Neb., 220, and decided adversely to the contention of the plaintiffs in error. In that case the board of public lands and buildings of the state of Nebraska had awarded a contract for the erection of a public building to one John Layne. Layne promised in his contract with the state board that he would pay for all labor and material furnished him in the erection of the building. To secure the performance of Layne's contract he, as principal, and one Hale and one Sweet, as sureties, executed a bond to the state of Nebraska. Sample furnished Layne certain material which he used in the construction of the building contracted for with the state. The material not having been paid for, Sample sued Hale and the sureties on his bond for the value of the material. The defense in the district court was that the said board had no right to insert in the contract the provision requiring Layne to pay for labor and material furnished him. This defense was sustained by the district court and Sample brought the case to this court on error, where the judgment of the district court was reversed and the defense set up in the district court overruled. The opinion was written by MAXWELL, C. J., and in the syllabus of the case it is said: "The state, when constructing a public building, is chargeable with the moral duty to protect the persons who furnish labor and material for the erection of the building as far as possible. Therefore, the provision in a contract for the erection of such building by which the contractor 'agrees to pay off' and settle in full with the parties entitled thereto all accounts and claims that may become due by reason of laborers' and mechanics' wages, or for materials furnished or services rendered, so that each and all persons may re-

ceive his and their just dues in that behalf,' is not in excess of the powers of the board of public lands and buildings, and the sureties on the contractor's bond for the faithful performance of the contract will be liable for debts arising under the above provision." The question was again before this court in *Lyman v. City of Lincoln*, 38 Neb., 794. In that case the city of Lincoln had awarded a contract for the erection of an engine house to Layne & Sweet. The contract contained a provision that they would pay for all labor and material furnished them in the construction of the engine house. They gave a bond to the city to faithfully perform their agreement. Lyman furnished Layne & Sweet certain material which they used in the construction of the engine house and failed to pay for. He then sued Layne & Sweet and their sureties on the bond they had given to the city for the balance remaining due him from Layne & Sweet for the material he had furnished them. The sureties demurred to this petition and the district court sustained the demurrer. Lyman prosecuted a petition in error to this court, and it was held that the awarding of the contract by the city to Layne & Sweet was a sufficient consideration to support their promise to pay for the labor and material furnished them in the performance of said contract; and that the existence of an express statute or ordinance of the city of Lincoln was not necessary to the authority of the city to require of Layne & Sweet a bond to pay their material-men and laborers. We think these cases state the rule correctly and we adhere to them.

2. The next argument is that Crume cannot maintain this action; that, as the bond runs to the city of South Omaha, it, and it alone, can sue thereon. This question was before this court in *Shamp v. Meyer*, 20 Neb., 223, where it was held that "where one makes a promise to another for the benefit of a third person, such third person can maintain an action upon the promise, though the

Doll v. Crume.

consideration does not move directly from him." In *Sample v. Hale*, *supra*, this case was reaffirmed. This question was again before this court in *Barnett v. Pratt*, 37 Neb., 349, and the doctrine of *Shamp v. Meyer*, *supra*, was again adhered to, and, in addition, the court held that a promise made by one to another for the benefit of a third party and omitted from a written contract, might be proved by parol where the promisee was induced to execute the writing on the faith of the oral promise.

3. The third argument of the plaintiffs in error is that as they are sureties of Davis for the performance of his contract with the city, they have been released and are not liable on said contract by reason of the fact of the city's paying Davis ninety per cent instead of forty-five per cent of the estimated cost of the work performed by him, and by reason of the extension by the city of the time allowed Davis for completing his work under the contract. To sustain this contention we are cited by counsel for the plaintiffs in error to *Brennan v. Clark*, 29 Neb., 385, *Dorsey v. McGee*, 30 Neb., 657, and *Bell v. Paul*, 35 Neb., 240. None of these cases are in point. These are all cases in which the owner sued the contractor and his sureties for the contractor's failure to perform his contract with the owner. If this was a suit by the city of South Omaha against Davis and his sureties for some default of Davis in the manner or time of performing the work for the city, then the acts of the city in extending the time to Davis in which to perform his contract, and in overpaying him on the work performed, might be a defense to the plaintiffs in error; but this is not a suit by the city. The contract entered into by Davis as principal, and the plaintiffs in error as sureties, was dual in its nature. By this contract Davis promised the city that he would do a certain work in a certain manner at a certain time, and the plaintiffs in error guaranteed to the city that Davis would perform his promises; and by the contract made with the city, Davis

Doll v. Crume.

and plaintiffs in error, in effect, also promised Crume that they would pay him, Crume, for any labor which he might perform for Davis in carrying out his contract with the city. The case then stands precisely as if Davis and the plaintiffs in error had made the written promise directly to Crume instead of to the city. Now, how can it be said that any act of the city in overpaying Davis or extending the time in which he might perform his contract with the city release Davis and the plaintiffs in error from their contract made with Crume? It may be that the city, by its actions, has precluded itself from recovering from the plaintiffs in error for any default of Davis in the premises, but it by no means follows that the city's action estops Crume. Suppose that Davis had borrowed one hundred dollars for ninety days from a bank, and given his note therefor, which note had been signed by the plaintiffs in error as sureties. Now if the bank, without the knowledge of the plaintiffs in error, had extended the time of the payment of this note, then such extension would have released the sureties from liability thereon; but in the case supposed, if at the time Davis borrowed the money plaintiffs in error had promised the bank that, in consideration of its lending the money to Davis, they would pay a debt of \$10 which he owed to C., then any agreement between Davis and the bank for an extension of the time of payment of the note would not affect C. There is no difference in principle in the case at bar and the one supposed. Here Davis and his sureties promise the city that Davis will do certain things for it, and they also promise the city that Davis will pay certain debts to third parties, the consideration for both promises being the letting of the contract by the city to Davis. In other words, there were two contracts with one consideration to support both. There is no error in the record and the judgment of the district court is

AFFIRMED.

BEATRICE GAS COMPANY V. HIRAM R. THOMAS.

FILED JUNE 27, 1894. No. 5816.

1. **Nuisance: POLLUTION OF WELL: DAMAGES.** One who collects injurious or offensive matter upon his premises, which, by percolation, transmission through subterranean streams, or otherwise, pollutes his neighbor's well, is liable for the damages thereby sustained.
2. ———: ———: **SCIENTER.** It is not necessary for the recovery of such damages that the fact of the contamination of plaintiff's well was known by the defendant. It is sufficient that such contamination was the natural and probable consequence of defendant's acts.
3. ———: ———: **DAMAGES.** Where an injury of such character causes permanent and irremediable damage to plaintiff's land, the plaintiff should recover in one action all damages, present or prospective; but if the injury was temporary in its character and capable of being avoided in the future without permanent injury to plaintiff's land, damages can only be recovered up to the commencement of the action, the injury then being in the nature of a continuing nuisance.
4. ———: ———: ———: **EVIDENCE.** The fact that the injury could be avoided by digging a new well would not be a bar to the action, but would be admissible in mitigation of damages by restricting the plaintiff to such recovery as would compensate him for reasonable expenses incurred in avoiding the injury.
5. **Witnesses: EVIDENCE OF POLLUTION OF WELL.** The plaintiff having introduced evidence that other wells in the neighborhood of the source of pollution complained of were likewise affected, *held*, that evidence on behalf of the defendant to show that other wells situated at a great distance from such source were also likewise affected was admissible.

ERROR from the district court of Gage county. Tried below before BROADY, J.

The facts are stated in the opinion.

W. S. Summers, for plaintiff in error:

The petition does not state a cause of action. (*Brown v.*

41	662
41	906
41	662
188	107

Illius, 27 Conn., 84* ; *Terry v. Munger*, 49 Hun [N. Y.], 560 ; *City of Greencastle v. Hazelett*, 23 Ind., 186 ; *Bal-lard v. Tomlinson*, 26 L. R., Ch. Div. [Eng.], 194 ; *Upjohn v. Board of Health*, 46 Mich., 542.)

If offensive matter percolated from defendant's condense well and polluted the water in plaintiff's well and thereby became a private nuisance, it was a continuing nuisance. (*Sherman v. Fall River Iron Works Co.*, 2 Allen [Mass.], 524.)

Where a nuisance is a continuing one, in consequence of which damages are sustained, recovery is limited to damages which accrued before the action was brought. (*Omaha & R. V. R. Co. v. Standen*, 22 Neb., 343 ; *Close v. Samm*, 27 Ia., 503 ; *Nashville v. Comar*, 88 Tenn., 415.)

The manufacture of gas is not a nuisance *per se*. It is a lawful and necessary business. If gas escapes from the mains of a gas company or from its gas works, or if substances escape from its condense well, it is not liable for injuries that may result therefrom, in the absence of proof that it was negligent in the construction or care of its plant. (*Strawbridge v. City of Philadelphia*, 13 Reporter [Pa.], 216.)

Reasonable care was exercised by defendant in the disposition of the waste substances from its gas works. It was not liable for damages alleged to have been sustained by the plaintiff before it received notice of the alleged injury. (*Bartlett v. Boston Gas Light Co.*, 122 Mass., 209 ; *Holly v. Boston Gas Light Co.*, 8 Gray [Mass.], 123 ; *Hunt v. Lowell Gas Light Co.*, 1 Allen [Mass.], 343 ; *Terry v. City of New York*, 8 Bosw. [N. Y.], 504.)

It was the plain duty of the plaintiff to have attempted to secure another supply of water, and to have thus mitigated the alleged damages to his premises. He was not entitled to damages for permanent injuries thereto. (*Long v. Clapp*, 15 Neb., 417 ; *Chase v. New York C. R. Co.*, 24 Barb. [N. Y.], 273 ; *Bisher v. Richards*, 9 O. St., 495 ;

Beatrice Gas Co. v. Thomas.

Campbell v. Miltenberger, 26 La. Ann., 72; *Terry v. New York*, 8 Bosw. [N. Y.], 504; *Van Pelt v. City of Davenport*, 42 Ia., 308; *Simpson v. City of Keokuk*, 34 Ia., 568; *Barrick v. Schifferdecker*, 123 N. Y., 52; *Nashville v. Comur*, 88 Tenn., 415; *Sutherland, Damages*, secs. 85, 155.)

R. W. Sabin and J. B. Betts, contra:

The defendant gas company is liable if it so constructed its cess-pool that the foul and noxious substances therefrom saturated the ground and penetrated the hidden and unknown veins of water feeding the plaintiff's well. (*Kinnaird v. Standard Oil Co.*, 12 S. W. Rep. [Ky.], 937; *Ottawa Gas Light Co. v. Graham*, 28 Ill., 74; *Pottstown Gas Co. v. Murphy*, 39 Pa. St., 257; *Columbus Gas Light Co. v. Freeland*, 12 O. St., 392; *Pensacola Gas Co. v. Pebley*, 5 So. Rep. [Fla.], 593; *Collins v. Chartiers Valley Gas Co.*, 21 Atl. Rep. [Pa.], 147; *Ball v. Nye*, 99 Mass., 582; *Wood, Nuisances*, secs. 114, 115, 116.)

It was proper to introduce proof of damages up to the time of trial. (1 *Sutherland, Damages*, pp. 187, 193, 196; 3 *Sutherland, Damages*, pp. 409-419; *Cooper v. Randall*, 59 Ill., 321; *Hayden v. Albee*, 20 Minn., 159.)

It was unnecessary for plaintiff to give defendant notice before the commencement of the action. (*Bohan v. Port Jervis Gas Light Co.*, 25 N. E. Rep. [N. Y.], 246; *Cooper v. Randall*, 53 Ill., 22; *People v. Detroit White Lead Works*, 46 N. W. Rep. [Mich.], 735; *Susquehanna Fertilizer Co. v. Malone*, 20 Atl. Rep. [Ind.], 900; *Dunsback v. Hollister*, 2 N. Y. Supp. [N. Y.], 94.)

IRVINE, C.

Thomas brought this action against the gas company, alleging that the plaintiff was the owner of a certain lot in South Beatrice and had been such owner for five years, occupying the premises as a homestead; that he dug a well thereon suitable for use; that the gas company operated

and maintained its manufactory one block from the property of the plaintiff; that contiguous to this factory the gas company made a large excavation in the ground reaching into the sand, into which it emptied all the filth and waste coming from its factory, consisting of a deadly and poisonous liquid which was absorbed into the sand and by said sand carried and percolated itself from the cess-pool through the ground to the plaintiff's well, rendering the water therein unfit for use, dangerous, and unwholesome; that by reason of the premises the plaintiff had lost his well, his land had been rendered unfit to make another well, he had been compelled to carry water necessary for household use and for stock for a long distance; that he had expended large sums of money in efforts to remedy the evil; that the value of his property had been destroyed, all to his damage in the sum of \$900. The answer amounted to a general denial. There was a trial to a jury and a verdict and judgment for the plaintiff for \$453.78, from which the gas company prosecutes error.

The evidence on the trial tended to show that the gas company sank what it calls a "condense well" on its own property at a distance of 492 feet from plaintiff's well; that into this condense well the company permitted to flow certain waste products; that some months after this condense well went into use it was discovered that plaintiff's well was contaminated. Some time afterwards the water became wholly unfit for use. There seems here to be a stratum of sand between beds of rock and clay. The condense well reached the sand. Plaintiff's well passed through the sand and into the rock. The odor of the water in plaintiff's well after its contamination was similar to the odor in the neighborhood of the condense well. The odor resembled that of naphtha, and there was evidence tending to show that the gas company used naphtha in its process. During the trial evidence was introduced tending to show that other wells in the neighborhood of plaintiff had been

Beatrice Gas Co. v. Thomas.

contaminated in like manner. The admissibility of this evidence under ordinary circumstances would be at least doubtful, but under the circumstances of this case we think the action of the trial judge was correct. The evidence first came in in connection with proof that the plaintiff was compelled to carry all the water for his household use from a great distance, and he accounted for this fact by proving that a nearer well was polluted in the same manner as his own. Moreover, there were suggestions in the course of the examination of witnesses that plaintiff's well had been polluted by the voluntary act of himself or some other person. After this evidence was in, and near the close of the defendant's case, an effort was made by the gas company to show that a well had been sunk on the opposite side of the river and that the water obtained in that well was contaminated in the same manner. This evidence was excluded. The record does not show how far this well was from the gas works, but it does appear it was in another portion of the city. We think the court should have admitted this evidence. The fact that other wells at a considerable distance were likewise polluted would not conclusively show that the pollution of plaintiff's well was not due to the gas company, but it would tend in that direction, and the greater the distance the stronger the inference would be that the cause in both cases was a general cause affecting the whole region, and not the act of the gas company complained of. We are aware that the introduction of such testimony leads to the danger of introducing collateral issues into the trial. At the same time we think that such evidence was material and, within reasonable limits, should have been admitted, especially as the plaintiff had introduced proof of the contamination of neighboring wells. For this error the judgment must be reversed, but as a new trial must be had it is proper that we should consider the fundamental questions raised by the record.

The gas company contends that there could be no lia-

bility for an injury of the character complained of. This question is raised by the assignment that the petition does not state a cause of action, and by exceptions to the instructions, which were to the effect that if matter in the condense well percolated through the ground into plaintiff's well, polluting the water, then the condense well was a nuisance, for the maintenance of which the plaintiff was entitled to damages. The law on the subject, as stated in the adjudicated cases, is not in a condition very satisfying to the reason. The cases are so numerous that a complete review would be unprofitable and almost impossible. We shall select certain cases which are probably those most frequently cited and those which have served as landmarks for the discussion.

In a number of cases, of which *Acton v. Blundell*, 12 M. & W. [Eng.], 324, is representative, it has been held that the law in relation to surface water-courses is not applicable to subterranean streams, and that a proprietor has no cause of action because of the fact that another, by sinking a well or by the proper opening of a mine, taps a subterranean water-course and deprives such proprietor of the water supply for his own well. This doctrine is put chiefly upon the ground that the existence, course, and extent of a subterranean water-course must be largely unknown; a reason not altogether satisfactory. In such cases the maxim is applied that the proprietor of land owns from the center of the earth to the heavens. The applicability of this maxim is doubtful, for the reason that it would seem to apply as well to a stream on the surface as to a subterranean stream. Still we think the doctrine must be accepted because of its firm establishment, and upon the principle that each proprietor is entitled to the use of such streams while on his premises, although the effect of that use may be to diminish his neighbor's use thereof. Together with these cases came a series represented by *Womersley v. Church*, 17 L. T. Rep., n. s. [Eng.], 190, wherein

it was held that a man has no right to place offensive matter upon his land where percolation through the soil takes place, contaminating his neighbor's well, and that for such acts an action may be maintained. In *Ball v. Nye*, 99 Mass., 582, this doctrine was followed where a vault had been constructed from which percolation took place through the soil to the injury of another's well and cellar. Following these cases came a series best represented by *Brown v. Illius*, 27 Conn., 84, and *Ballard v. Tomlinson*, 26 L. R., Ch. Div. [Eng.], 194, wherein it was attempted to reconcile the two classes of cases we have referred to, by drawing a distinction between a percolation through the soil and a contamination produced by means of a subterranean water-course, it being said that if a man had no right of action because his supply of water was cut off by tapping the subterranean stream he could have no right of action because it was polluted through such subterranean stream. This was, we think, a *non-sequitur*. While a man may use water from a stream to the diminution of his neighbor's supply, it does not follow that he may pollute the water and pass it on to him in its polluted state. So in the case of subterranean streams, I have, as much as my neighbor, the right to tap them and use them while they are on my premises, and he cannot complain of that use; but it does not follow that I may contaminate them on my premises and permit the pollution to pass upon my neighbor's. The fallacy referred to drove the courts to the distinction pointed out. The effect of such distinction would give the plaintiff here a right of action, provided he could prove that the offensive matter percolated through the soil to his well without the aid of a subterranean water-course, but would deprive him of his action in case such water-course was a conductor of the offensive matter. It is rather strange that so absurd a distinction should have obtained such strong support in the authorities. It has even received the approval of Judge Cooley in *Upjohn v.*

Richland Township, 46 Mich., 542, but that case is not authority in support of the doctrine, for the reason that Judge Cooley's remarks in that case are clearly *obiter* and the case was decided upon other grounds. The fallacy of these cases has recently been recognized by the courts, and the more recent decisions tend strongly to overthrow this doctrine, which seemed in danger of becoming fixed in our law by repeated decisions.

Collins v. Chartiers Valley Gas Co., 139 Pa. St., 111, was a case where the gas company, in digging a well for natural gas, tapped a fresh-water water-course and also a salt water stream. By negligence in its manner of drilling its well the salt water was commingled with the fresh water, injuring a spring of plaintiff. It was held that the defendant was liable because of this unnecessary injury of plaintiff's property.

In *Pensacola Gas Co. v. Pebley*, 25 Fla., 381, *Ballard v. Tomlinson* was distinguished upon the theory that in *Ballard v. Tomlinson* the pollution had been caused by the plaintiff himself in pumping his own well so as to draw water from the other. In drawing this distinction the court went perhaps too far to sustain the English case; but we think the conclusion reached was in accordance with sound principle, to-wit, that it was the duty of the gas company to confine the refuse from its works so that it could not enter upon and injure its neighbors, and if it failed to do so, it was at its peril.

The most satisfactory exposition of the subject which has come to our notice is found in the case of *Kinnaird v. Standard Oil Co.*, 89 Ky., 468, where, after a review of some of the cases already referred to, the court says: "It seems to us, after a careful review of the authorities referred to by counsel for the corporation, all of which are entitled to great weight, that there is a manifest distinction between the right of the owner of land to use the underground water upon it that originates from percolation, or

is found in hidden veins, and the right to contaminate it so as to injure or destroy the water when passing to the adjoining land of his neighbor. It is a familiar doctrine, that one must so use his property as not to injure his neighbor; and, because the owner has the right to make an appropriation of all the underground water, and thus prevent its use by another, he has no right to poison it, however innocently, or to contaminate it, so that when it reaches his neighbor's land it is in such condition as to be unfit for use, either by man or beast. One may be entitled, by contract with his neighbor, to all the water that flows in a stream on the surface that passes through the land of both, and, while he can thus appropriate it, he has no right to pollute the water in such a manner as, when it passes to his neighbor, its use becomes dangerous or unhealthy to his family, or to the beasts on his farm. As soon as the water leaves the land of the one who claims the right to use it, and runs on the land of another, the latter has the same right to appropriate it, and, if property, it then becomes as much the property of the last as the first proprietor. The owner of land has the same right to the use and enjoyment of the air that is around and over his premises as he has to use and enjoy the water under his ground. He is entitled to the use of what is above the ground as well as that below it; and, still, it will scarcely be insisted that he can poison the atmosphere with noxious odors that reach the dwelling of his neighbor to the injury of the health of himself or family; if not, we see no reason why he should be permitted to so contaminate the water that flows from his land to his neighbor's, producing the same results, and still escape liability for the damages sustained; and whether the water escapes the one way or the other is immaterial."

Our conclusion is, therefore, that the distinction made in the earlier cases is not well founded, and that one who collects injurious or offensive matters upon his premises, which, by percolation, transmission through subterranean streams,

or otherwise, pollutes his neighbor's well, is liable for the damages sustained.

The defendant contends that no action will lie for any damages sustained prior at least to the time when defendant had notice of the injury. We can see no force in this contention. It is true that some of the cases base the right to recover upon defendant's knowledge that he was committing the injury. But the injury was as great before as after notice. An action in tort is not a proceeding to punish a defendant for a willful act but to compensate the plaintiff for the invasion of his rights. It was not necessary, in order to constitute the pollution of the well a tort, that it should be done willfully. The most that can be said is that the defendant would not be liable for damages unless the injury was one which was the natural and probable consequence of his acts. While the defendant may not have known and probably did not know that its condense well would pollute the plaintiff's well, it was bound to know that the natural and probable consequence of collecting waste matter in its condense well would be the injury of some wells which might be connected with the condense well by the stratum of sand referred to.

Complaint is also made of the court's instruction in regard to the measure of damages, for the reason that it allowed the jury to take into consideration all damages sustained to the time of trial. It was held in *Omaha & R. V. R. Co. v. Standen*, 22 Neb., 343, that a bridge negligently constructed so as to make an unlawful obstruction to the Platte river, injuring land above the bridge, was a continuing nuisance, for which damages could only be recovered to the time that action was brought. We presume this was upon the theory that there was no permanent injury to the land and that the damages only existed while the bridge was maintained in the manner complained of. The general policy of the law is to avoid multiplicity of actions and if practicable, without injustice, to afford compensation

in one action for all injuries. We think the rule is stated correctly in Wood, Nuisances, section 869, as follows: "Where the damages are of a permanent character, and go to the entire value of the estate affected by the nuisance, a recovery may be had of the entire damages in one action. Thus, in an action for overflowing the plaintiff's land by a mill-dam, the land being submerged thereby to such an extent and for such a period as to make it useless to the plaintiff for any purpose, the jury were instructed to find a verdict for the plaintiff for the full value of the land. So, too, when a railroad company by permanent erections imposed a continuous burden upon the plaintiff's estate, which deprived the plaintiff of any beneficial use of the portion of the estate so used by it, it was held that the whole damage might be recovered at once; but where the extent of a wrong may be apportioned from time to time, and does not go to the entire destruction of the estate, or its beneficial use, separate actions not only may but must be brought to recover the damages sustained." There was in the case under consideration evidence that the value of plaintiff's property had been diminished by the contamination of the well. The inquiry we think should have been as to whether or not the defendant's acts had caused a permanent and irremediable injury to plaintiff's property. If so, the plaintiff was entitled to compensation in this action for all such injury, present or prospective. If, on the other hand, the injury was temporary in its character and capable of being avoided in the future without permanent injury to plaintiff's freehold, the case was one of a continuing nuisance, and damages should have been restricted to the commencement of the action.

There is some discussion in the briefs of the law of avoidable consequences as applied to the case. The court properly refused to instruct the jury that there could be no recovery because plaintiff had not endeavored to pro-

Beatrice Gas. Co. v. Thomas.

cure a good well upon his premises. His failure to do so would not be a defense to the action, but would go in mitigation of damages, provided the jury should find that by making another well the injury could be avoided, and it is for the same reason that the plaintiff would be entitled to recover any reasonable expenses he might have incurred in an effort to purify the old well or obtain a new one.

For the errors referred to the judgment must be reversed and the cause remanded.

REVERSED AND REMANDED.



CASES

ARGUED AND DETERMINED

IN THE

SUPREME COURT OF NEBRASKA.

SEPTEMBER TERM, A. D. 1894.

PRESENT:

HON. T. L. NORVAL, CHIEF JUSTICE.

HON. A. M. POST,
HON. T. O. C. HARRISON, } JUDGES.

HON. ROBERT RYAN,
HON. JOHN M. RAGAN, } COMMISSIONERS.
HON. FRANK IRVINE, }

ORIN P. WHIPPLE V. LUCY D. FOWLER.

FILED SEPTEMBER 18, 1894. No. 5614.

1. Pleading: AMENDMENT TO CONFORM TO TESTIMONY: TRIAL.

Where, upon the trial of an action, testimony is admitted without objection, it is not error for the court to permit the pleadings to be amended to conform to the proof.

2. Trial to Court: ADMISSION OF INCOMPETENT TESTIMONY:

REVIEW. In a cause tried to the court without the intervention of a jury, the admission of incompetent testimony is not reversible error.

3. Mortgages: RELEASE: ESCROW: EFFECT OF UNAUTHORIZED

DELIVERY. Where a mortgagee executes a release of a mortgage and places the same in the hands of a third party to be delivered

(675)

41	675
43	719
41	675
44	147
41	675
45	297
45	369
45	661
45	720
41	675
47	624
48	648
41	675
51	514
54	14
54	226
54	383
54	730
55	739
41	675
56	176
57	441
57	754
57	782
41	675
59	89
41	675
60	446
41	675
61	845

Whipple v. Fowler.

ered to the mortgagor upon his paying the mortgage debt, which condition the mortgagor never performed, and the release is placed upon record without the knowledge or consent of the mortgagee, neither the mortgagor, nor one who is not a *bona fide* purchaser without notice, will acquire any rights or advantage by the recording of such release.

4. A mortgage of real estate is regarded as a mere incident of the debt, which, by the legal transfer of the debt, passes with it to the assignee.
5. **Unauthorized Satisfaction of Mortgage: LIEN: BONA FIDE PURCHASERS.** A satisfaction entered on the record by a mortgagee, after he has sold and delivered the notes secured by the mortgage to a third party, will protect a subsequent mortgagee in good faith, or *bona fide* purchaser, of the mortgaged premises, in case he had no notice at the date of the purchase, or the payment of the consideration, that the debt was assigned, or was unpaid, or that the release was unauthorized; but as to all other persons the lien of the mortgage will not be impaired.
6. **Conflict of Laws: LEX REI SITÆ: MORTGAGES: ASSIGNMENT OF NOTES: DISTRIBUTION OF PROCEEDS.** In the state of Iowa the rule is that the transfer of one of several notes, maturing at different times and secured by the same mortgage, operates as an assignment *pro tanto* of the mortgage, and that the proceeds arising from the sale of the mortgaged property would be applied first to the payment of the notes in the order of time in which they fell due; but in this state, in such a case, the several holders are entitled to share *pro rata* in the proceeds.
7. ———: ———: ———. In the construction by the courts of this state of a mortgage executed in Iowa, upon real estate situate in that state, the *lex rei sitæ*, or the law of Iowa, governs.

ERROR from the district court of Lancaster county.
Tried below before TIBBETS, J.

The facts are stated in the opinion.

Mockett, Rainbolt & Polk, for plaintiff in error, contending that the release discharged the lien of the mortgage and that the mortgaged premises cannot be subjected to the payment of the notes held by plaintiff, cited: *Executors of Swartz v. Leist*, 13 O. St., 419; *Torrey v. Deavitt*, 53 Vt.,

Whipple v. Fowler.

331; *Fox v. Wray*, 56 Ind., 423; *Reeves v. Hayes*, 95 Ind., 532; Thomas, Mortgages [2d ed.], sec. 421; Jones, Mortgages [4th ed.], secs. 472, 791, 820, 878, 967; *Ahern v. Freeman*, 24 Am. St. Rep. [Minn.], 206; *Blight v. Schenck*, 51 Am. Dec. [Pa.], 478.

The defendant is liable for damages caused by executing the release and permitting it to be filed. (1 Jones, Mortgages [4th ed.], sec. 814; Thomas, Mortgages [2d ed.], sec. 358; *Fox v. Wray*, 56 Ind., 423; *Lincoln v. Purcell*, 73 Am. Dec. [Tenn.], 196; *Ferris v. Hendrickson*, 1 Edwards' Ch. [N. Y.], 132.)

The court erred in admitting the evidence of George M. Traver on the question of value. The witness had not shown himself competent to testify. (*Missouri P. R. Co. v. Coon*, 15 Neb., 232.)

Ricketts & Wilson, contra:

A deed deposited in escrow, to be delivered on conditions named, does not become the deed of the maker until the conditions have been complied with; and any delivery of the deed prior to the performance of the conditions, or any placing thereof of record prior to the performance of the conditions, does not give to the deed any validity whatever. (*Stanley v. Valentine*, 79 Ill., 544; *Smith v. South Royalton Bank*, 32 Vt., 341; *People v. Bostwick*, 32 N. Y., 450; *Everts v. Agnes*, 4 Wis., 356; *Black v. Shreve*, 13 N. J. Eq., 458; *Dyson v. Bradshaw*, 23 Cal., 536; *Ogden v. Ogden*, 4 O. St., 191.)

When the defendant in error had transferred the debt secured by the mortgage, she had no power to release the mortgage of record, and any attempt at release would be a nullity. (*Studebaker Mfg. Co. v. McCargur*, 20 Neb., 500; *Daniels v. Densmore*, 32 Neb., 40; *Reeves v. Hayes*, 95 Ind., 521; *James v. Morey*, 2 Cow. [N. Y.], 246; *Lee v. Clark*, 89 Mo., 553; *Wolcott v. Winchester*, 15 Gray [Mass.], 461; *Burhans v. Hutcheson*, 25 Kan., 625.)

Whipple v. Fowler.

The sale and delivery, before maturity, of mortgage notes carry with them an assignment of the real estate security; and satisfaction of the mortgage by the payee, after he sold and delivered the notes, is a mere nullity, and can neither weaken the security of the notes sold, nor strengthen the title of the party who afterwards buys the land. Parties buying mortgaged premises must at their peril ascertain who owns the notes and whether the same have been actually paid. (*Lee v. Clark*, 1 S. W. Rep. [Mo.], 142; *Vandercook v. Baker*, 48 Ia., 199; *Scott v. Field*, 75 Ala., 419; *Martindale v. Burch*, 57 Ia., 291; *Brayley v. Ellis*, 32 N. W. Rep. [Ia.], 254; *Treadwell v. Brooks*, 50 Conn., 262.)

The record of the mortgage was sufficient to lead a prudent man to inquire as to the payment of the notes. Wright was not a *bona fide* purchaser. (*Burhans v. Hutcheson*, 25 Kan., 625; *Campbell v. Vedder*, 3 Keys [N. Y.], 174.)

A vendee who has notice of adverse rights before payment is not a *bona fide* purchaser. (2 Pomeroy, Equity Jurisprudence, 715; *Kitteridge v. Chapman*, 36 Ia., 348; *Roseman v. Miller*, 84 Ill., 297; *Haughwout v. Murphy*, 21 N. J. Eq., 118.)

NORVAL, C. J.

This was an action to recover damages for the wrongful releasing of record of a certain real estate mortgage by Lucy D. Fowler, the mortgagee, after she had transferred to the plaintiff, Orin P. Whipple, two of the promissory notes secured by said mortgage, and before said notes had been paid. Upon a trial to the court there was judgment for the defendant, to reverse which the plaintiff prosecutes error to this court.

The undisputed facts, as disclosed by the record, may be summarized thus: M. C. and A. A. Hazard on the 16th day of October, 1888, executed and delivered to the defend-

ant their thirty-four promissory notes, aggregating the sum of \$7,000; one for the sum of \$500, due February 12, 1889, \$100 maturing March 12, 1889, and the remaining thirty-two notes for the sum of \$200 each, one payable on the 12th day of April, 1889, and one falling due on the 12th day of each month thereafter. To secure the payment of the said several notes, the Hazards executed and delivered to the defendant a mortgage on lots 841, 842, and 843, in the town of Shenandoah, Page county, Iowa, which instrument was duly recorded in the recorder's office of the said county on November 13, 1888. Subsequently the mortgagee, Lucy D. Fowler, sold and transferred several of the said notes to different parties,—the two maturing May 12, 1890, and June 12, 1890, respectively, being transferred by her, by indorsement without recourse, to the plaintiff, Orin P. Whipple, on the 4th day of December, 1888. No formal assignment of the mortgage to the plaintiff was made. The remaining twenty-two notes secured by said mortgage, and being the ones last falling due, which were held and owned by the defendant, were sold and transferred by her to one T. J. Evans on the 29th day of December, 1888, and on the same day, without the knowledge and consent of plaintiff, she executed and acknowledged a written release, or satisfaction, of said mortgage, which was filed for record in the office of the recorder of said Page county on January 21, 1889. Afterwards, on the 13th day of July, 1889, the Hazards conveyed the lots covered by said mortgage to one W. H. Wright, which conveyance was recorded on the 15th day of the same month. The two notes transferred to the plaintiff remain wholly unpaid, although judgment has been recovered thereon against the makers, and execution has been issued on such judgment, which was placed in the hands of the sheriff and the same has been by him returned wholly unsatisfied. At the time of the release of the mortgage the Hazards were insolvent, and so have been ever since. The sum of \$2,600 was due

Whipple v. Fowler.

on the mortgage prior to the notes transferred to and held by plaintiff. It is admitted by both parties that there is upon record a mortgage of \$5,000 on the property, given by one Parks to one Kennedy, which is wholly unpaid, and which is prior in point of time to the said mortgage of the Hazards to Fowler. The foregoing facts appear without controversy. In fact the only substantial conflict in the testimony is upon two points, namely, the value of the mortgaged premises, and the facts and circumstances surrounding the execution of the release of the mortgage in controversy, which will be adverted to hereafter.

We will notice the several errors relied upon for a reversal of the judgment, although we will not attempt to follow the order in which they are discussed in the brief of plaintiff. We will first consider the objection urged to the allowing the defendant to amend her answer during the trial to correspond to the evidence introduced. The plaintiff had alleged in his petition in the court below, which the original answer when first filed admitted to be true, that by the laws of the state of Iowa the transfer of one of several notes secured by the same mortgage operates as a transfer *pro rata* of said mortgage. After the plaintiff had rested, the defendant, when making out her case, introduced, without objection, the opinion in the case of *Walker v. Schreiber*, reported in 47 Iowa, 529, for the purpose of showing that under the laws of that state, where a mortgage secures several notes, which are transferred to different persons, each holder of the note takes a *pro tanto* interest in the mortgage, and the note first maturing must be the first paid. The defendant was thereupon permitted by the court, over plaintiff's objection, to withdraw her said admission in the answer and to amend her pleading to conform to the evidence. This was proper and in accordance with a familiar and just rule in this state of long standing, that where testimony is received without objection, the court may permit the pleadings to be amended to

conform to the facts proved. (*Keim v. Avery*, 7 Neb., 54; *Catron v. Shepherd*, 8 Neb., 308; *Brown v. Rogers*, 20 Neb., 547; *Ward v. Parlin*, 30 Neb., 376.)

Error is assigned upon the ruling of the court below in admitting the testimony of the defendant's witness, George M. Traver, on the question of the value of the mortgaged premises. It is insisted that the witness had not shown himself competent to testify upon that subject. We are satisfied that the criticism upon the ruling referred to is not without merit, and that Traver's testimony was incompetent and should have been excluded; but it does not follow that the judgment should be disturbed for that reason. It is the established doctrine of this court that the admission of incompetent testimony, where the cause is tried to the court without a jury, is not sufficient ground for the reversal of the case. (*Enyeart v. Davis*, 17 Neb., 228; *Willard v. Foster*, 24 Neb., 213; *Richardson v. Doty*, 25 Neb., 424; *Ward v. Parlin*, 30 Neb., 376; *Stabler v. Gund*, 35 Neb., 651.) The reason for the rule given in the opinion in the cases cited need not be now restated. These authorities control the decision in the case before us upon the question under consideration.

Errors were likewise assigned upon the admission, over the objection of plaintiff, of the testimony of several of the witnesses; but these rulings require no special attention, since they fall within the rule stated above.

It is urged that the judgment is unsupported by the evidence and is contrary to the law of the case. It is undisputed that the defendant executed a release of the mortgage in controversy, and that the same was recorded in the proper county, prior to the transfer of the mortgaged premises to Wright. There is, however, an irreconcilable conflict in the testimony as to who placed the release upon record, how the same came to be executed, and whether there was an actual delivery of the release to Evans. The testimony adduced on the part of the plaintiff tended to show that there

Whipple v. Fowler.

was no agreement between the defendant and Evans at the time of the transfer of the notes by the former to the latter that a release of the mortgage should be executed, but on the contrary the arrangement between them was that there should be executed an assignment of the mortgage to Evans; that defendant agreed to make it out and carry the same to the county seat of Page county, Iowa, and cause it to be recorded; that Evans paid defendant the recording fees; that instead of executing an assignment, a release of the mortgage was made, which was never delivered to Evans, but was placed upon record by the defendant. L. D. Fowler, the agent of the defendant and acting for her in the transaction, testified that an assignment of the mortgage was not talked of, but that it was expressly agreed between Evans and witness that the defendant should execute a release of the mortgage, and place the same in Evans' hands in escrow, to be held by him and delivered to the mortgagors when all the notes secured by the mortgage were paid, and not before; and that upon the execution of the release it was so deposited with Evans. The bill of exceptions also contains evidence conducing to establish that the defendant neither recorded the release, nor authorized its record, nor gave her consent to its being filed on any condition except that all the notes secured by the mortgage were first fully paid. That plaintiff's notes have not been paid, nor any part thereof, all agree. While the testimony of the greater number of the witnesses tends to support the contention of the plaintiff, there is in the record before us ample evidence, if true, to sustain the defendant's theory. The trial court made no special findings, hence we are not advised of the ground, or grounds, upon which the decision was placed. In other words, whether it was held that the release was deposited with Evans in escrow, and was subsequently filed for record without the conditions of the holdings having been complied with, and, therefore, in law the release was a mere nullity; whether the case was decided

in the lower court upon the ground that plaintiff was not damaged by reason of the discharge of the mortgage, or because Wright was not a *bona fide* purchaser of the property covered by the mortgage, but acquired the same chargeable with notice of plaintiff's lien, and, therefore, that plaintiff could have foreclosed his mortgage had he so desired. There being a general finding of the issues against the plaintiff, we must assume that every conflict in the testimony was settled by the court in favor of the defendant, hence that the release of the mortgage was deposited in escrow, and that the release was filed for record before the conditions were performed upon which it was placed in Evans' hands. There is no pretense that the release was ever delivered to the mortgagors, or to the recorder for them, but was delivered for record by mistake, it being supposed that the instrument was an assignment of the mortgage, instead of the release thereof, as it in reality was. As to the mortgagors, the release was inoperative and absolutely void.

In *Stanley v. Valentine*, 79 Ill., 544, it was held that where a mortgagee executed a release of a mortgage and places the same in the hands of a third party, to be delivered to the mortgagor upon the performance by him of certain conditions, which the mortgagor never performed, and by accident or mistake was afterwards placed upon record, without ever having been delivered to the mortgagor, such a release is a nullity. Mr. Justice Walker, in delivering the opinion of the court, in discussing the question observed: "It is manifest to all that a deed cannot be operative until it is delivered. Perkins, who wrote his treatise on conveyancing more than three centuries since, says: 'And if I make a deed and deliver it to a stranger as an *escrow*, to keep until such a day, etc., and upon condition that if, before that day, he to whom the *escrow* is made shall pay me ten pounds, give me a horse, enfeoff me of a manor, or perform any other condition, then the stranger

shall deliver the *escrow* to him as my deed. In this case, if he deliver the same to him as my deed before the conditions or condition fulfilled, it is not my deed *simpliciter*; but if the condition be fulfilled and the *escrow* delivered by him, after the conditions performed, as my deed, then it is my deed and shall bind me, and then begins to be my deed, and shall not have relation to the first delivery.' This, perhaps, is as early an announcement of the rule as may be found in the books, and is the same as the definitions given by the courts and text-writers since that time. We are aware of no change in the rule since he wrote. (*Price v. Pittsburgh, F. W. & C. R. Co.*, 34 Ill., 13.) Then, if a delivery before condition performed confers no title, it is difficult to perceive how others can acquire title from the grantee named in the *escrow*. Washburn on Real Property (vol. 3, p. 372a) says: 'If a deed is delivered before the previous condition is performed, it will not be the deed of the grantor, or have any effect as such;' and he refers to numerous authorities which support the text. The case of the grantee getting possession of the *escrow* by fraud, before the condition performed, and then selling the land to an innocent purchaser, was fully discussed in *Shirley v. Ayers*, 14 O., 308. The court say: 'Until the performance of the condition, it (the deed) must remain a mere scroll in writing, of no more efficacy than any other written scroll; but when, upon the performance of the condition, it is delivered to the grantee or his agent, it then becomes a deed to all intents and purposes, and the title passes from the date of the delivery. The delivery, to be valid, must be with the assent of the grantor. If the grantee obtain possession of the *escrow* without performance of the conditions, he obtains no title thereby, because there has been no delivery with the assent of the grantor, which assent is dependent upon compliance with the condition. The recording of an *escrow* does not make it a deed.' The learned judge, after citing numerous authorities in support

of the doctrine announced, says: "From these authorities it would appear that even a grantee is not protected by a purchase, however honestly and fairly he may have acted, unless there was a delivery to his grantor. But we are not required to go the length of the rule announced in these cases to hold the release inoperative and void in this case. But here, the release never went into the hands of Mrs. Valentine. She did not know or intend that the release should be placed on record, hence this case is not as strong as some of those referred to above. * * * In the light of the decisions referred to, there is no force in the objection that appellant, by making the escrow and placing it in the hands of an agent, and it having got upon the record, should be estopped to deny that it is his deed. We have seen that such is not the rule, and it should be especially so here, as the judgment creditors have advanced no money, given no credit, or done any act by which they have changed their attitude to the case."

In the case at bar it is urged that Wright was a *bona fide* purchaser of the real estate covered by the mortgage, since at the time the conveyance was made he found the record of the mortgage released by the mortgagee, and he had no actual notice of the transfer of the notes, or that they had not been paid; hence it is contended that the purchaser had a perfect right to rely on the record, and he took the land free of the lien of the mortgage. How far an innocent grantee would have been protected it is unnecessary to stop to consider, since it does not appear that Wright was an innocent purchaser of the property. To become such he should have paid full value, and parted with the consideration before he learned of the existence of the mortgage. The rule is too familiar to require the citation of authority to support it. The records fail to disclose that Wright ever paid the purchase price. The mortgage was of record, which showed on its face that the last of the notes secured thereby matured on November 12, 1891, or

Whipple v. Fowler.

more than two years subsequent to the date of the purchase. The deed from the Hazards to Wright contained the following clause: "And we hereby covenant with the said W. H. Wright that we hold said premises by good and perfect title; that we have good right and lawful authority to sell and convey the same; that they are free and clear of all liens and incumbrances whatsoever of record except mortgage above, and we covenant to warrant and defend the said premises against the lawful claims of all persons whomsoever, with exceptions herein." The mortgage of \$5,000 from Parks to Kennedy was excepted in the deed. We think the phrase "of record" in the foregoing covenant against incumbrances, when taken in connection with the fact that the mortgage had been released long before the notes secured thereby fell due, was sufficient to put a prudent man on inquiry as to whether there were not liens against the premises which did not appear on such record. At least it was ample to have led a cautious person to inquire whether the notes secured by the mortgage in controversy had in fact been paid so long before their maturity. Our conclusion, taking all things into consideration, is that Wright was not a *bona fide* purchaser within the meaning of the law; therefore plaintiff could have successfully maintained a foreclosure of the mortgage against him.

There is another question argued in the brief of counsel which may be properly noticed at this time, and that is whether a mortgagee can execute a valid release of a mortgage after he has assigned to a third party the notes secured by the mortgage, and whether such satisfaction, entered of record, will operate to discharge and cancel the record of the mortgage, as to subsequent purchasers or mortgagees in good faith, and without notice. There is considerable conflict in the adjudicated cases upon the proposition. Some state the doctrine broadly that a discharge entered upon the record of a mortgage, by a mortgagee, after he has sold

and delivered the notes, is a nullity, and neither weakens the security of the party to whom the notes were transferred, nor strengthens the title of a subsequent vendee who purchased the mortgaged premises in good faith. (See *Lee v. Clark*, 1 S. W. Rep. [Mo.], 142; *James v. Morey*, 2 Cow. [N. Y.], 246; *Reeves v. Hayes*, 95 Ind., 521; *Scott v. Field*, 75 Ala., 419; *Treadwell v. Brooks*, 50 Conn., 262.) There is another line of well considered cases, and which we prefer to follow, which lays down the rule that the entry of satisfaction of a mortgage of record by the mortgagee, after he has sold the notes secured by the mortgage to a third party, will protect a subsequent *bona fide* purchaser of the mortgaged property, in case he had no notice at the time of such purchase, or the payment of the consideration, that the note was unpaid, or that the release or discharge of the mortgage was unauthorized; but as to all other persons the lien of the mortgage will not be impaired. As sustaining this view the following authorities may be cited: *Executors of Swartz v. Leist*, 13 O. St., 419; *Bank of the State of Indiana v. Anderson*, 14 Ia., 544; *Vannice v. Bergen*, 16 Ia., 555; *McClure v. Burris*, 16 Ia., 591; *Cornog v. Fuller*, 30 Ia., 212; *Ogle v. Turpin*, 102 Ill., 148; *Ahern v. Freeman*, 46 Minn., 156; *Livermore v. Maxwell*, 55 N. W. Rep. [Ia.], 37.

The case cited in 13 Ohio State is very much like the one at bar. The facts were these: William Hurel executed and delivered to one Peter Little a mortgage on certain real estate to secure a note for \$200, which mortgage was duly recorded. Little sold the note to plaintiff's testator, William Swartz. Afterwards, but before the maturity of the note, Little wrongfully, and without the knowledge of Swartz, entered on the margin of the record of the mortgage a release in due form. Subsequently, the mortgagee sold and conveyed said mortgaged premises to the defendant Leist. The holder of the note brought his action against the purchaser, praying the foreclosure of the mort-

gage. Scott, J., in the opinion of the court, says: "In the case before us, Swartz, by becoming the legal owner of one of the notes protected by the mortgage, acquired an interest in the security which it afforded, in the absence of any special agreement to the contrary, and this interest he might assert as against both mortgagor and mortgagee, so long as the security subsisted. Under these circumstances, it cannot be doubted that the release of the mortgage by Little was wrongful. It was a fraud upon the rights of Swartz, and those rights would remain unaffected as against all parties participating in, or cognizant of, the fraud. But the question in this case is, whether the rights of Swartz were such that they can be asserted against a *bona fide* purchaser from the mortgagor, who, without notice of the lien claimed by Swartz, has parted with his money, relying upon a statutory discharge of the mortgage, which he found executed by the mortgagee, and properly entered upon the record. The rights of Swartz were, as we have said, purely equitable. No title to, or estate in, the mortgaged premises had been conveyed to him. A legal title to lands cannot, either at common law, or under our statutes, pass by the sale and delivery of a promissory note. The legal title to the conditional estate, granted by the mortgage, remained in the mortgagee as fully after the transfer of the note as before. True, he may have held it as a trustee, in part, for the benefit of Swartz; but a trust of this kind, not apparent on the face of the mortgage deed, evidenced by no record, and unknown to the world, cannot affect the rights of a *bona fide* purchaser, who, in ignorance of its existence, confides in the acts of the mortgagee falling within the apparent scope of his powers as the legal owner of the mortgage. As against such parties, the discharge must operate to cancel the record of the mortgage, and thereby extinguish its lien. The equities of a *bona fide* purchaser, in such a case, are certainly as strong as those which arise from a latent trust, and when they are

accompanied by the legal title, must, for that reason, prevail. But the parties here are not equally faultless, and do not stand *in equali jure*. Swartz negligently or confidingly permitted Little, the mortgagee, to retain the legal title conveyed by the mortgage, and the power of control over it. Little had thus the legal power, and, ostensibly, a perfect right to discharge and release it. Leist, the purchaser, having no reason to suspect fraud, was justified in regarding the release legally made, by one who was ostensibly the proper party, as an effectual discharge of the lien; and, as between these parties, he who unwisely reposed confidence in Little, and gave him the power to defraud, should suffer the consequences."

In *Ogle v. Turpin*, *supra*, the rule is stated in this language: "Where a mortgagee, after an assignment of the notes secured by his mortgage, acquires the equity of redemption, and enters a formal release of the mortgage upon the record, a party taking the mortgage from him upon the same premises, without notice of the assignment of the notes, will acquire a lien superior to that of the holder of the assigned notes. There being no presumption of law that the payee of notes secured by mortgage has transferred the same before purchasing the equity of redemption from the mortgagor, a person taking a mortgage from the payee will not be held chargeable with the notice that the notes secured in the first mortgage have been assigned, but he may rely upon the record as showing title in his mortgagor."

The rule which we adopt does not conflict with the opinions of this court in *Studebaker v. McCargur*, 20 Neb., 500, and *Daniels v. Densmore*, 32 Neb., 40. In the first case it was merely decided that the assignment of one of several notes secured by the same mortgage, without any assignment of the mortgage, is an assignment *pro tanto* of the mortgage. In the second case it was held that the party to whom the note is transferred, on being paid the

Whipple v. Fowler.

amount due thereon, may be required to acknowledge satisfaction of the mortgage of record, and that the mortgagee, after he has transferred the debt, cannot release the mortgage so as to defeat the rights of the holder of the debt. We find no fault with these decisions; but it is obvious that the rights of a *bona fide* purchaser of mortgaged property, who became such subsequent to the release of the lien of the mortgage by the mortgagee after he had transferred the note given as evidence of the debt, was not involved or passed upon in either of the cases to which reference has just been made. Conceding then, as plaintiff contends, and his evidence tends to establish, that the release of the mortgage in the case under consideration was not deposited in escrow, but was wrongfully placed upon record by the mortgagee, without the knowledge or consent of the plaintiff, the lien created by the mortgage was not canceled as against the mortgagors nor as against Wright, their vendor, since, as we have already seen, the former had not paid the debt, and the latter was not a good faith purchaser of the property and without notice.

There is another ground upon which an affirmance of the judgment may be properly placed, and that is plaintiff has not been damaged by reason of the release of the mortgage. Stated differently, owing to the low value of the premises, the mortgage was no security for the payment of the notes owned and held by plaintiff. The different witnesses examined at the trial do not agree in their estimates of the value of the property. Those given by plaintiff's witnesses vary from \$14,000 to \$18,000, while defendant's witnesses fixed the value from \$5,300 to \$7,500. As a reviewing court, we must accept as the correct value of the property the amount as stated by the persons who testified in favor of the successful party in the lower court. As stated above, the highest estimate of value named by any witness on that side of the case was \$7,500. There was an unpaid first, or prior, mortgage on this real estate for the

sum of \$5,000, besides interest, and the total amount of the notes secured by the mortgage in controversy, maturing before the notes held by plaintiff, was \$2,600. Thus, it will be observed, the amount of the liens upon the property, exclusive of interest, was \$7,600, which amount would have to be paid out of the proceeds arising from the sale of the property before anything could be applied on the notes held by plaintiff, unless all the notes secured by the second mortgage should be paid *pro rata*. It is the established doctrine of this state that where several notes secured by the same mortgage are sold to different parties without any accompanying assignment of the mortgage, the several holders are entitled to share *pro rata* in the proceeds arising from the sale of the mortgaged property. (*Studebaker v. McCargur*, 20 Neb., 500; *Harman v. Barhydt*, 20 Neb., 625; *Todd v. Cremer*, 36 Neb., 430.) A different rule, however, prevails in the state of Iowa, where the mortgage in question was executed and where the real estate therein described is situated. In that state it has been held by repeated decisions of its highest court that the transfer of one of several notes, maturing at different times and included in the same mortgage, operates as an assignment *pro tanto* of the mortgage, and that the proceeds arising from the foreclosure of the mortgaged premises must be applied first to the payment of the note first falling due, and then to the discharge of the other notes in the order of time in which they mature. (*Rankin v. Major*, 9 Ia., 297; *Grapengether v. Fejervary*, 9 Ia., 163; *Walker v. Schreiber*, 47 Ia., 529.) It is perfectly plain, if the latter rule shall control our decision in this case, that plaintiff has not been injured by a discharge of the mortgage, while a different result will be reached should the rule of our own state be adhered to in this case. The question therefore presented is which of the conflicting rules should be applied in determining the rights of the parties. If the lands covered by the mortgage were situate here, unquestionably our former decisions would

Miller v. Lewis.

be followed. In a recent case this court, in an opinion written by Judge HARRISON in *Riley v. Burroughs*, 41 Neb., 296, held that in an action upon a covenant of warranty against incumbrances, where the conveyance is executed in this state for land situate in the state of Iowa, the law of the state in which the land is located will govern the rights of the parties in the enforcement of the covenant. The principle announced in the precedent just referred to is certainly decisive of the point under consideration. There is stronger reason why the law of Iowa, rather than our own, should govern in the construction of this mortgage, since not only is the land located in that state, but Iowa is the place where the contract or mortgage was executed. We feel constrained to hold that the construction of the mortgage and the rights of the parties thereunder are governed by the law of Iowa, and that plaintiff has suffered no damage by reason of the discharge of record of the mortgage. The judgment is

AFFIRMED.

41	692
145	341

MILES H. MILLER ET AL., APPELLANTS, V. CHARLES S. LEWIS, APPELLEE.

FILED SEPTEMBER 18, 1894. No. 5405.

Review: FAILURE TO FILE BRIEFS: AFFIRMANCE. This cause having been submitted to the supreme court upon the transcript, without either a brief or oral argument from either party the decree of the lower court is affirmed. (*Zimmerman Mfg. Co. v. Tower*, 40 Neb., 306.)

APPEAL from the district court of Gage county. Heard below before BROADY, J.

E. O. Kretsinger, for appellants.

Griggs, Rinaker & Bibb, contra

NORVAL, C. J.

This was an action to perpetually enjoin the defendant, as road overseer, from opening a public road or highway across plaintiffs' land. From a decree in favor of the defendant, plaintiffs appeal.

The record contains a draft of a bill of exceptions purporting to contain all the evidence in the case, but the same has never been allowed by the trial judge. On the contrary, attached to the proposed bill is the certificate of the judge disallowing the same on the objection of the defendant that the same was not reduced to writing within the time allowed by law. The evidence, therefore, cannot be reviewed. The cause was submitted to this court without either brief or oral argument, and, following *Stabler v. Gund*, 35 Neb., 648, and *Zimmerman Mfg. Co. v. Tower*, 40 Neb., 306, the decree is

AFFIRMED.

JABEZ C. CROOKER V. AMANDA STOVER.

41 693
59 844

FILED SEPTEMBER 18, 1894. No. 5219.

1. Objection to the form of a verdict will be of no avail in this court, where the same was not made in the motion for a new trial or petition in error.
2. Sufficiency of Evidence to Support Verdict for Services of Housekeeper and Nurse. The evidence in the case examined, and held to support the verdict.

ERROR from the district court of Lancaster county.
Tried below before TIBBETS, J.

J. C. Crooker and J. E. Philpott, for plaintiff in error.

Davis & Hibner, contra.

NORVAL, C. J.

This suit was instituted by Amanda Stover to recover the sum of \$45 alleged to be due her for services to plaintiff in error as nurse and housekeeper during the fall of 1889. There was a trial in the court below to a jury, which resulted in a verdict for the plaintiff in the sum of \$15. The defendant prosecutes error.

Complaint is made in the brief of counsel for plaintiff in error to the form of the verdict returned by the jury, which, omitting caption and title of the cause, reads as follows:

"We, the jury, duly impaneled and sworn in the above entitled cause, do find for the plaintiff and assess the amount of her recovery at the sum of \$5 per week.

Total, thirty dollars\$30 00

Received fifteen..... 15 00

Balance due.....\$15 00

"D. B. HOWARD,

"*For man.*"

It is true the verdict is not in the usual form, but we think it sufficiently appears therefrom that the jury intended to and did find the sum due from defendant to plaintiff, after deducting payments made before suit was brought, to be \$15. However, no objection was made to the verdict when the same was returned to the court below. Had there been, the court probably would have ordered the jury to return to their room and correct the same. Again, no objection to the form of the verdict was made either in the motion for a new trial or the petition in error.

The only other ground urged for reversal of the judgment is that the verdict is contrary to, and is not supported

Bloedel v. Zimmerman.

by, the evidence in the case. It is wholly undisputed that plaintiff was employed by, and worked for, defendant in the capacity of housekeeper and nurse. The conflict in the testimony is upon two points, namely, the length of time the plaintiff worked, and the amount of compensation per week she was to receive. The defendant insists that plaintiff entered his employ at the stipulated sum of \$2 per week, that under which agreement she worked four and one-half weeks, and that he has paid her the sum of \$15. Both parties agree as to the amount paid; but the plaintiff below insists that she was in the employ of the defendant six weeks; that there was never any agreement as to the amount of compensation she should receive; and that her services were reasonably worth the sum of \$10 per week. There is in the record testimony tending to sustain the contention of each party. The defendant's theory is sustained by the greater number of witnesses, and we would have been better satisfied had the jury found in his favor; but we do not feel like disturbing the verdict, since there was ample competent evidence before the jury to support their finding. The value of plaintiff's services was placed by the witnesses from \$5 to \$10 per week, and the jury allowed her the smaller sum, with which we are content. The judgment is

AFFIRMED.

 AGNES BLOEDEL ET AL. V. JOHN ZIMMERMAN ET AL.

FILED SEPTEMBER 18, 1894. No. 4977.

1. An assignment in a petition in error as to the admission or exclusion of testimony, which does not indicate what testimony out of a great mass is referred to or intended, is too indefinite to be considered.
2. An instruction not excepted to at the time it was given cannot be complained of in the supreme court.

41	695
44	630
41	695
41	617
41	881
41	695
52	554
54	631
55	321
55	544
41	695
58	29

Bloedel v. Zimmerman.

3. **Intoxicating Liquors: ACTION BY MINOR CHILDREN AGAINST SALOON-KEEPER: LOSS OF SUPPORT: INSTRUCTIONS.** *Held*, That the defendants' first request to charge was not warranted by the evidence, was misleading, and should not have been given.
4. ———: ———. Where, by reason of intoxication, a father is rendered incapable of providing for his family, his minor children may maintain an action for loss of means of support, caused by reason of the intoxication of the father, against the person furnishing the intoxicating liquors, and the sureties on his liquor bond.
5. The verdict *held* to be against the evidence.

ERROR from the district court of Sarpy county. Tried below before CLARKSON, J.

Moriarty & Langdon and Anthony E. Langdon, for plaintiffs in error.

James P. Grove, *contra*.

NORVAL, C. J.

This action was brought by the plaintiffs in error, Agnes Bloedel, Matilda Bloedel, and Alexander Bloedel, by Amelia Bloedel, their next friend, against John Zimmerman and several saloon-keepers in the village of Papillion, and the sureties on their liquor bonds, to recover damages for injury to the plaintiffs' means of support resulting from the selling to their father of intoxicating liquors. The petition, after alleging that the plaintiffs are the minor children of Andrew Bloedel, the execution and delivery of the bonds sued on, and the issuing and delivery of the licenses to the principals in said bonds, avers, in substance, that each of said saloon-keepers sold and gave malt, spirituous, and vinous liquors to said Andrew Bloedel at the times therein stated and during the existence of their licenses; that said Bloedel has become an habitual drunkard through the excessive use of intoxicating liquors so furnished as aforesaid; that said plaintiffs have no means of

support except that furnished by their father; that prior to the year 1886 said Andrew Bloedel was industrious and temperate, and that by virtue of said furnishing of said liquors to him, he thereby became unable to support the plaintiffs, and that they were thereby damaged in the sum of \$3,000, for which amount plaintiffs pray judgment. The defendants, for answer to the petition, deny each and every allegation therein, except that they have been engaged in the saloon business, and gave the bonds set out in the petition. There was a verdict for the defendants, upon which judgment was rendered by the court. The plaintiffs prosecute error.

Several rulings of the trial court on the admission and rejection of testimony are urged in the brief of counsel as grounds for reversal; but the rulings complained of, and pointed out in the brief, cannot be reviewed by this court, for the reason that the same are not assigned with sufficient particularity in the petition in error, they there being assigned in the following language:

"4. The court erred in overruling the objections made by the plaintiffs to testimony offered by defendants, which ruling of the court was duly excepted to at the time.

"5. The court erred in sustaining objections made by defendants to evidence offered by the plaintiff, which ruling was excepted to at the time."

The bill of exceptions discloses that numerous objections and exceptions were taken by the plaintiffs to the rulings of the court, both in admitting and excluding testimony, yet neither of the foregoing assignments indicate what rulings are referred to or intended. The assignments are too indefinite to be considered. (*Wanzer v. State*, 41 Neb., 238; *Kirkendall v. Davis*, 41 Neb., 285.)

It is insisted that the court erred in giving instruction No. 9 on its own motion, for the reason that it was not based upon the evidence. We are precluded from giving this instruction any consideration, inasmuch as the plaint-

iffs took no exceptions thereto at the time the same was read to the jury. It appears from this record that the cause was tried, and the jury were instructed as to the law of the case, on October 22, 1890, and the verdict was returned into court and filed the next day, while the ninth paragraph of the court's charge, as shown by the entry on the margin thereof, was not excepted to by the plaintiffs until October 24th. An instruction, to which no exception was taken at the time it was given, cannot be complained of in the reviewing court. (*Levi v. Fred*, 38 Neb., 564.)

Complaint is likewise made of the giving of the defendants' first request to charge, which is in the following language: "First—That if the jury believe from the evidence in the case that Andrew Bloedel, the father of the minor children, plaintiffs in this case, during the four years immediately preceding the commencement of this suit, was able and willing to provide such children a suitable home, but they refused and neglected to occupy such home with the father, Andrew Bloedel, that then such father was under no legal obligation to provide or support them elsewhere, unless they had been compelled to leave such home by reason of abuse and ill-treatment by such father." We have been unable to find any testimony in the record which would warrant the giving of the above instruction. On the contrary, the undisputed proofs show that plaintiffs' father, during the four years preceding the bringing of this suit, had no means with which to support his children; that during that time he was a hard drinker, was often intoxicated, and saved scarcely sufficient, with the rents derived from his property, to support himself. It further appears that plaintiffs and their mother were compelled to leave the father and husband on account of his failure to support them. The instruction is misleading and should not have been given.

After a careful review of the evidence, we are persuaded that it fails to support the verdict. The testimony shows,

without conflict, that the defendants (saloon-keepers) frequently sold and furnished to Andrew Bloedel during the four years immediately preceding the bringing of this action, which is the period covered by the several bonds declared upon, intoxicating liquors in quantities sufficient to produce intoxication; that by the drinking of said liquors to excess said Bloedel became unfitted and disqualified from pursuing his usual avocation of wagonmaker, but spent most of his time in idleness and loafing in the saloons, drinking whiskey and beer. He was often intoxicated, earned but little money, and contributed scarcely anything to the support of his children, the plaintiffs herein, who by reason thereof were forced to leave home, their adult sisters contributing largely to their maintenance and support during the four years referred to. The evidence is quite meager and unsatisfactory as to the amount of loss of means of support the plaintiffs have sustained, but under the proofs they were entitled to recover some damages from the defendants. Under the statutes an action can be maintained by the minor children for damages resulting from a loss of means of support by reason of the intoxication of the father, against the person furnishing him the intoxicating liquors, and the sureties on his bond. (*Kerkow v. Bauer*, 15 Neb., 150.) Under the evidence the verdict cannot be sustained. The judgment is reversed and the cause remanded for a new trial.

REVERSED AND REMANDED.

R. H. HOWARD ET AL. V. GOODRICH LODGE HALL
ASSOCIATION.

FILED SEPTEMBER 18, 1894. No. 5791.

Appeal from Justice Court: FAILURE TO FILE TRANSCRIPT IN TIME: EXCUSE FOR DELAY. A mere mistake of fact, for which the appellee is in nowise responsible, will not excuse the filing in the district court, within thirty days, of the transcript required on appeal from a judgment of a justice of the peace or the county court.

ERROR from the district court of Douglas county. Tried below before FERGUSON, J.

Saunders, Macfarland & Dickey, for plaintiffs in error:

In absence of default or laches on the part of an appellant his right of appeal cannot be defeated by the absence or neglect of a justice of the peace. (*Dobson v. Dobson*, 7 Neb., 296; *Noble v. Houk*, 16 S. & R. [Pa.], 421; *Smiley v. Sampson*, 1 Neb., 83; *Lytle v. State of Arkansas*, 22 How. [U. S.], 193; *Louderback v. Boyd*, 1 Ashm. [Pa.], 380; *Republican V. R. Co. v. McPherson*, 12 Neb., 480.)

Lake, Hamilton & Maxwell, contra:

The appellant must be diligent and file his transcript within the time limited by statute or the appeal will fail. (*Lincoln Brick & Tile Works v. Hall*, 27 Neb., 877; *Oppenheimer v. McClay*, 30 Neb., 654; *Converse Cattle Co. v. Campbell*, 25 Neb., 37; *Slaven v. Hellman*, 24 Neb., 646; *Gifford v. Republican V. & K. R. Co.*, 20 Neb., 538.)

POST, J.

This is a petition in error from the district court of Douglas county. From the record it appears that judgment was rendered against the plaintiffs in error by the

Howard v. Goodrich Lodge Hall Association.

county court of said county on the 12th day of July, 1892. On the 22d day of the same month they filed an appeal bond and ordered a transcript of the proceedings in the county court for the purpose of prosecuting an appeal. A transcript was prepared and duly certified on the 26th day of July, but was not called for by the plaintiffs or filed in the district court until the 15th day of August, which was after the expiration of the thirty days allowed for the perfecting of the appeal. (Secs. 1008, 1011, Code Civil Procedure.) On motion of the defendants the appeal was dismissed by the district court, and which is the ruling now assigned as error.

It is shown by the affidavits submitted to the district court that the county judge was absent from the state continuously from the 4th to the 15th day of August, and that counsel for plaintiffs were not advised that the transcript had been prepared in accordance with their request. It is conceded that it was procured and filed with the least possible delay after the return of the judge. The county judge of Douglas county has a clerk appointed under the provisions of the act of March 31, 1887 (sec. 46a *et seq.*, ch. 28, Comp. Stats.), who, according to affidavits filed in support of the motion to dismiss, was in charge of the office during the absence of the judge, and would have delivered the transcript had application been made therefor at any time during business hours. Upon the facts thus stated appeal was properly dismissed. The case of *Dobson v. Dobson*, 7 Neb., 296, relied upon by plaintiffs, is not in point. The rule which must control in this case has been frequently applied by this court. (See *Gifford v. Republican V. & K. R. Co.*, 20 Neb., 538; *Slaven v. Hellman*, 24 Neb., 646; *Converse Cattle Co. v. Campbell*, 25 Neb., 37; *Lincoln Brick Works v. Hall*, 27 Neb., 874; *Oppenheimer v. McClay*, 30 Neb., 654.) There is no error in the record and the judgment of the district court is

AFFIRMED.

CHARLES E. STRATTON ET AL. V. SIDNEY B. OLDFIELD.

FILED SEPTEMBER 18, 1894. No. 5789.

Acts and declarations of conspirators which are parts of the *res gestæ*, and therefore admissible against their co-conspirators, include those only which are done and made during the pendency of the conspiracy and in furtherance of its objects.

ERROR from the district court of Douglas county. Tried below before FERGUSON, J.

C. A. Baldwin and *Weaver & Giller*, for plaintiffs in error, cited: *Logan v. United States*, 144 U. S., 263; *People v. Dilwood*, 29 Pac. Rep. [Cal.], 420; *Brown v. Herr*, 21 Neb., 113.

De France & Richardson, contra.

POST, J.

This was an action for damage in the district court for Douglas county, in which the defendant in error, plaintiff below, recovered judgment. The cause of action stated in the petition is substantially as follows: The defendants below, Stratton, Lewis, Petty, and Emminger, knowing the plaintiff therein to be the owner of certain real estate in Saunders county, conspired together to cheat and defraud him out of the value thereof. That in pursuance of such conspiracy to defraud they falsely represented to him that certain notes held by them were good securities, and that the makers thereof were solvent and able to pay in full, when in fact said makers were insolvent and said notes were entirely worthless; that, relying upon such false statements, he conveyed to them the said real estate and accepted in exchange therefor said worthless securities. The defendants answered separately by a general denial. At

Sonnenschein v. Bartels.

the trial the plaintiff below was permitted, over the objection of Stratton and Emminger, to show admissions by Petty, made six months after the consummation of exchange of property, tending to prove the allegations of the petition as against the objecting defendants. In that the court erred. The admissions of acts and declarations of co-conspirators is limited to what is said and done while the conspiracy is pending and in furtherance of the objects thereof. (3 Greenleaf, Evidence, 94; Wright, Conspiracy, 113, 116.) The judgment is reversed as to the plaintiffs in error Stratton and Emminger and remanded for further proceedings in the district court.

REVERSED AND REMANDED.

41	703
554	68

FREDERICK SONNENSCHN EIN ET AL. V. CHARLES BARTELS
ET AL.

FILED SEPTEMBER 18, 1894. No. 4676.

1. **Fraudulent Conveyances: EVIDENCE OF COLLATERAL FACTS.** In all cases where the issue is fraud considerable latitude will be allowed the party upon whom the burden rests, and evidence will be received of collateral facts, including subsequent events, provided they shed light upon the transaction involved and tend to explain the motives of the parties.
2. ———: ———: **RELEVANCY.** In determining the relevancy of collateral facts in such cases the proximity in point of time to the principal transaction is not the exclusive test, but also whether they are capable of affording any reasonable presumption or inference with reference to such transaction.

REHEARING of case reported in 37 Neb., 592.

J. C. Crawford, for plaintiffs in error.

T. M. Franse and *M. McLaughlin*, *contra*.

Post, J.

This case was before us at the September, 1893, term, at which time a decision was announced affirming the judgment of the district court. (See *Sonnenschein v. Bartels*, 37 Neb., 592.) Subsequently, it appearing that we had overlooked the fourteenth assignment of the petition in error, a rehearing was ordered. The error therein assigned is the receiving, over the plaintiffs' objection, of evidence tending to prove that the sureties on certain notes executed by Anton and Dominick Brazada in the firm name of Brazada Bros. to Bartels, had incumbered and disposed of their property subsequent to the transaction between the plaintiffs and the Brazadas, which is the subject of the present controversy.

It is disclosed by the record that the Brazadas had purchased the stock of goods in controversy from Bartels about eight months previous to the sale thereof by them to plaintiffs, and were, at the time of the last named transaction, indebted to Bartels therefor in about the sum of \$7,000. Of the amount above named some \$400 was past due, and all represented by notes of said firm, with W. Brazada, F. Brazada, Frank Korn, John Welna, and Joseph Kofka as sureties. On the second day after the sale of the stock to plaintiffs the sureties above named executed numerous deeds and mortgages purporting to convey and incumber a large amount of property, real and personal. It is claimed by defendants that such conveyances included all of the property then owned by the makers, which contention we assume to be fully sustained by the record. It is a reasonable assumption, also, that the object of said conveyances was to defraud the defendant Bartels. But is the fraud of the sureties of Brazada Bros. against Bartels admissible in this action, where the question at issue is the fraud or good faith of the sale by the Brazadas to plaintiffs? We find in the record no evidence tending to prove

that the fraudulent purpose of the sureties was inspired by the plaintiffs, or ever known to them before the filing for record of the conveyances mentioned; nor does it appear from the proofs that the Brazadas, Anton and Dominick, were informed of the intention of their sureties to dispose of their property until after the execution of said conveyances. In all such cases, where the issue is fraud, considerable latitude will be allowed the party upon whom the burden rests, and evidence of collateral facts, including subsequent events, will be received, provided they shed light upon the transaction involved and tend to explain the motives of the parties. (1 Greenleaf, Evidence, 53.) But subsequent events within the above rule are limited to those acts which are in contemplation by the parties at the time of the principal event, and such others as tend to show a fraudulent intent at the time of the transaction involved. (May, Fraudulent Conveyances, 35.) The test by which the relevancy of collateral facts in such cases is to be determined is not their proximity in point of time with the principal transaction, but whether they are capable of affording any reasonable presumption or inference with respect thereto. (1 Greenleaf, Evidence, 52.) Judged by that test it would seem that evidence of the subsequent conveyances by third parties in fraud of the rights of Bartels is inadmissible, as in nowise tending to explain the motives of the parties to the contract here involved. The fact that the parties to the fraudulent conveyances are sureties for the Brazadas we must, upon the record, regard as immaterial. It follows that the ruling assigned is error, for which the judgment of the district court must be reversed and the cause remanded for further proceedings therein. That we should have overlooked this question upon the former hearing is a fact to be deplored, although it is not astonishing, in view of the fact that in the 130 pages of printed briefs we are not referred to a single page of the record, comprising over 400 pages of testimony, be-

side as much more of exhibits; but that fact, although to be regretted, because imposing additional and unnecessary burdens upon us, is not the most flagrant transgression of professional ethics, or the rules of the court, which it is our duty to notice.

We find a considerable part of the several briefs devoted to an interchange of courtesies between counsel for the respective sides, in which the personal and professional character of each is violently assailed. Such a course, inexcusable upon any condition or provocation, is the more culpable in this instance, since the mutual charges are based upon matters confessedly outside of the record. In addition to what has recently been said in condemnation of such a practice it may not be amiss to remind counsel that such briefs are neither entertaining nor instructive to the members of the court, and that by inserting like objectionable matter they take the risk of our overlooking the meritorious part thereof.

REVERSED AND REMANDED.

41	706
46	819
41	706
56	116
41	706
59	700
41	706
62	541

WILLIAM D. GULICK, APPELLEE, V. MARY WEBB ET AL., APPELLANTS.

FILED SEPTEMBER 18, 1894. No. 5544.

1. **Review: FAILURE TO MAKE ARGUMENTS: WAIVER.** Points not argued in the supreme court will be deemed to be waived.
2. **Judicial Sales: AGREEMENT TO MAKE JOINT BID.** Persons who desire to make a joint purchase of the property may enter into an agreement by which one person is authorized to bid on their joint account and for their joint benefit, on property about to be sold at sheriff's sale; and such agreement will not be illegal if it does not include the purpose not to compete, or not to bid, or to chill bids, or to prevent competition, or deter others from bidding; nor does the fact that such agreement may indirectly have the effect to keep others from bidding make it un-

Gullick v. Webb.

lawful. To render it illegal it must further appear that the purpose of entering into the agreement was to avoid competition.

3. ———: AGREEMENT BY JUDGMENT LIENORS TO MAKE JOINT BID. At a sheriff's sale of real property, five holders of liens against such property, none of whom were financially able to bid individually at such sale, entered into an agreement whereby one of their number, by attorney, bid in the property, which was struck off to him as trustee for himself and the other four lienholders. *Held*, That this was not such a combination as would of necessity discourage or prevent competition in bidding, and was therefore insufficient to vitiate the sale.
4. ———: CONFIRMATION: SUFFICIENCY OF EVIDENCE. The evidence examined, and *held* sufficient to sustain the finding and judgment of the lower court in confirming the sale.

APPEAL from the district court of Lancaster county.
 Heard below before TIBBETS, J.

W. Henry Smith, for appellants:

The agreement of the judgment lienors to purchase the property was of such a character as to invalidate the sheriff's sale. (*Wooten v. Hinkle*, 20 Mo., 290; *Stewart v. Nelson*, 25 Mo., 309; *Millenberger v. Morrison*, 39 Mo., 71; *Forelander v. Hicks*, 6 Ind., 448; *Phippen v. Stickney*, 3 Met. [Mass.], 385; *Jenkins v. Frink*, 30 Cal., 586; *Abbey v. Dewey*, 25 Pa. St., 413; *Mappa v. Sharpe*, 32 Ill., 13; *Griffith v. Judge*, 49 Mo., 536; *Bunts v. Cole*, 7 Blackf. [Ind.], 265; *James v. Fulcrud*, 5 Tex., 512; *Hawley v. Cramer*, 4 Cow. [N. Y.], 718; *Jones v. Caswell*, 3 Johns. Cas. [N. Y.], 29; *Doolin v. Ward*, 6 Johns. [N. Y.], 194; *Hannay v. Eve*, 3 Cranch [U. S.], 242; *National Bank of Metropolis v. Sprague*, 20 N. J. Eq., 13, 159; *Staines v. Shore*, 16 Pa. St., 200; *Wheeler v. Collier*, 1 M. & M. [Eng.], 123; *Jackson v. Crafts*, 18 Johns. [N. Y.], 110; *Dexter v. Shepard*, 117 Mass., 480.)

Stevens, Love & Cochran, contra:

An agreement to unite in a bid at an auction sale for the

joint benefit of the parties thereto is not void, if not dishonest in its motives or injurious in its consequences. (*James v. Fulorod*, 5 Tex., 512; *Phippen v. Stickney*, 3 Met. [Mass.], 385; *Goode v. Hawkins*, 2 Dev. Eq. [N. Car.], 393; *Hunt v. Elliott*, 80 Ind., 245; *Small v. Jones*, 6 Watts & S. [Pa.], 122; *Smith v. Greenlee*, 2 Dev. Law [N. Car.], 126; *Switzer v. Skiles*, 3 Gilman [Ill.], 529; *National Bank of Metropolis v. Sprague*, 20 N. J. Eq., 159; *Bellows v. Russell*, 20 N. H., 427; *Jenkins v. Frink*, 30 Cal., 586; *Breslin v. Brown*, 24 O. St., 565; *Marie v. Garrison*, 83 N. Y., 14; *Smith v. Ullman*, 58 Md., 183; Benjamin, Sales [4th Am. ed.], notes under sec. 444; Bishop, Contracts [Enlarged ed.], sec. 528; 1 Lawson, Rights, Remedies & Practice, sec. 220; Rorer, Judicial Sales [2d ed.], sec. 77; 2 Freeman, Executions, sec. 297; Story, Sales, sec. 484; 1 Warvelle, Vendors, 257; Tiedeman, Sales, sec. 169.)

HARRISON, J.

As the result of an action in the district court of Lancaster county to foreclose certain mechanics' and mortgage liens the property proceeded against, to-wit, lots Nos. 7 and 8, in block No. 315, of Jane Y. Irwine's addition to the city of Lincoln, otherwise known as subdivision 62 of S. W. Little's subdivision of the west half of the southwest quarter of section 24, in township 10 north, range 6 east of the 6th P. M., in the city of Lincoln, Nebraska, was sold by the sheriff of said county under and by virtue of an order of sale issued in accordance with the terms of a decree rendered in the suit. The sale was made on the 16th day of February, 1892, to William H. Tyler for the sum of \$13,000, which was more than two thirds of the appraised value. To the confirmation of the sale objections were filed by George E. Bigelow, as follows:

"Comes now the defendant George E. Bigelow and shows and represents to the court that he is the owner of

the equity of redemption in and to the property described in plaintiff's petition in the above entitled cause, and in the several answers and cross-petitions of the defendants therein, and objects and protests against the confirmation of the sale heretofore made by the sheriff of the said premises described in said petitions, for the following reasons, to-wit:

"1. That said premises were not appraised in accordance to the laws of the state of Nebraska; that they were not appraised at their real value in money, but were appraised at a sum far below and vastly less than their real value in money.

"2. That there was a confederation and combination on the part of the judgment lien-holders in this cause to bid said property in at a certain sum far less than its value and far less than two-thirds of its real value in money, and that by said combination and confederation, so formed and entered into by the said judgment lien-holders, purchasers were prevented from bidding at said sale, and said property was prevented from selling for a sum equal to what it would have brought had such confederation and combination not been formed; that said confederation and combination so formed prevented competition in bidding at the sale of said property and prevented purchasers from bidding thereon, and was in fraud of the rights of the owner of the equity of redemption of said premises; and if said sale is confirmed and allowed to stand, it will work great and permanent loss and injury to this defendant.

"This defendant therefore moves the court that said sale be not confirmed, but that the same be set aside and held of no force or effect."

Subsequently additional objections were filed by D. T. Coffman and George E. Bigelow, as follows:

"And now, February 23, 1892, come the above named parties and by leave, etc., file the following objections and protests against the confirmation of the sheriff's sale, etc.:

"1. The property was not properly appraised, as appears by appraisal filed.

"2. No proper return of sale was made by the sheriff, as required by law, prior to the first order of confirmation.

"3. No proper notice was posted in the sheriff's office, as is the custom of law prior to sale.

"4. The property was not properly described in the newspaper publication, as per affidavits of D. T. Coffman and Geo. E. Bigelow, filed herewith and made a part hereof, in that it was not sufficiently identified and located, nor was it sufficiently described by improvement, so as to distinguish or identify it or to attract bidders or to assure them that the improvements belonged to the property.

"5. An unlawful combination was entered into by several of the claimants and lien creditors to prevent competition at the bidding or crying of the sale, and that such combination was carried out and rival bidding was prevented, to the injury of the defendant and certain of the creditors.

"6. The property was sold at a grossly inadequate price, far below what it would have brought had not an unlawful combination been entered into to prevent bidding, and to cause it to be sold at a sacrifice and to the injury of the defendants Coffman and to the second mortgage creditor, Geo. E. Bigelow.

"7. The description of the property in the published advertisement was inadequate, vague, and uncertain, and calculated to mislead purchasers.

"8. The liens in the district court, Lancaster county, Nebraska, against the property sold were not properly certified to the sheriff. Witness the certificate, made a part hereof, under date of February 15, 1892.

"9. The sale was contrary to law."

Upon a hearing in the district court the objections to confirmation were overruled and the sale confirmed, to which action of the court the parties objecting duly excepted and

have removed the case to this court for an examination and adjudication upon the question of the confirmation of the sale.

Counsel for appellants in his brief filed in this court argues but one of the grounds of objection to confirmation of the sale, and, conforming to a well established rule that questions not argued here will be deemed to be waived, we conclude that he rests the case upon the one ground alone and has abandoned all others. The objection then upon which the appellants rely is as follows: "An unlawful combination was entered into by certain of the claimants and lien-holders to prevent competition at the bidding or crying of the sale; that such combination was carried out and rival bidding was prevented, to the injury of the defendant and certain of the creditors." The evidence (which consists of affidavits of various persons) discloses that five of the lien-holders, whose liens were of the liens foreclosed in the action, no one of them being of sufficient financial ability to purchase the property, entered into an agreement or combination to the effect that one of their number, William Tyler, was to bid at the sale in behalf of all the five lien-holders and bid until the amount offered for the premises would equal the mortgage liens of one Gulick, which was prior to the liens of the five who entered into the agreement, and eighty per cent of the aggregate amount of their liens. A careful reading and analysis of all the evidence contained in the affidavits presented and used during the hearing in the district court, as preserved in the bill of exceptions and record filed in this court, satisfies us that the judge who rendered the decision and confirmed the sale was fully warranted in the conclusion which he evidently formed as a basis for the disposition made of the matters in controversy, that the agreement between the five lien-holders was one by which they combined to jointly purchase the property for their common benefit, and not an agreement not to bid or to

avoid competition or to deter others from bidding or competing at the sale; that in so combining they had no fraudulent or illegal intent or purpose. This being established, then the question arises whether such an agreement is forbidden by or is contrary to law, and sufficient to set aside the sale to the trustees acting or bidding for the parties to such contract. We have no doubt that in the earlier cases in which this question arose and was decided, some courts of high authority have announced a doctrine which would avoid this sale solely upon the grounds of the formation of such an association, regardless of the intent or motives of the parties, assigning as a reason that its necessary and unavoidable effect is to tend to discourage or prevent competition; but the later cases have in effect overruled the above doctrine and established what we consider a better and more practical one, that where an examination of all the facts and circumstances shows the object of the association was to enable the parties to compete where without combining they could not do so, formed for an honest purpose and with such an intent, and not with any view to preventing competition, or deterring bidders or "chilling bids," the sale will be upheld and completed. (See Rorer, Judicial Sales, sec. 94; *Hunt v. Elliott*, 41 Am. Rep. [Ind.], 794, 80 Ind., 245; Herman, Executions, sec. 205; Freeman, Executions, sec. 297; 1 Lawson, Rights, Remedies & Practice, sec. 220; *Phippen v. Stickney*, 3 Met. [Mass.], 385; *Smull v. Jones*, 6 Watts & S. [Pa.], 122; *Jenkins v. Frink*, 30 Cal., 586; *Fidelity Trust & Safety Vault Co. v. Mobile S. R. Co.*, 54 Fed. Rep., 26; *Breelin v. Brown*, 24 O. St., 565; *National Bank of Metropolis v. Sprague*, 20 N. J. Eq., 159; *Switzer v. Skiles*, 3 Gilman [Ill.], 529; *Marie v. Garrison*, 83 N. Y., 14; *Hopkins v. Ensign*, 25 N. E. Rep. [N. Y.], 306; *Wicker v. Hoppock*, 6 Wall. [U. S.], 94; *Maffet v. Ijams*, 103 Pa. St., 266; *Barling v. Peters*, 25 N. E. Rep. [Ill.], 765; *Neely v. McClure*, 1 Cen. Rep. [Pa.], 230; *Ritchie v.*

McDaniel v. Lipp.

Judd, 27 N. E. Rep. [Ill.], 682; *James v. Fulcrod*, 5 Tex., 512; *Bellows v. Russell*, 20 N. H. 427; *Smith v. Greenlee*, 2 Dev. Law [N. Car.], 126; *Goode v. Hawkins*, 2 Dev. Eq. [N. Car.], 393; *Smith v. Ullman*, 58 Md., 183.) The decree of the district court confirming the sale was right and is

AFFIRMED.

41	713
44	710

DORSEY MCDANIEL, APPELLANT, V. VALENTINE LIPP
ET AL., APPELLEES.

FILED SEPTEMBER 18, 1894. No. 5812.

1. **Replevin: BUILDINGS: PERSONALTY.** An action of replevin may be maintained for property which as between the parties is personalty.
2. **Injunction to Prevent Moving Building Under Writ of Replevin: HOUSES AS PERSONALTY.** The judgment of the trial court, dismissing the action, approved and affirmed, as an examination of the evidence shows that it is insufficient to sustain the allegations of the petition or warrant the issuance of an injunction.

APPEAL from the district court of Douglas county.
Heard below before HOPEWELL, J.

John T. Cathers, and *W. L. Peart*, for appellant.

Lane & Murdock and *W. W. Slabaugh*, contra.

HARRISON, J.

It appears in this case that on February 7, 1887, Valentine Lipp, of defendants, purchased lot 1, in block 114, in South Omaha, receiving therefor a contract of purchase, signed by the South Omaha Land Company, which contract, after a number of assignments, was finally assigned

to Fred and Ernst Stenger, who performed the conditions and received a deed from the company, conveying the lot to them, of date March 31, 1891. Soon after purchasing the lot, Valentine Lipp built a house, or cottage, on what he supposed was the lot, or a portion of it, for one O'Connor, to whom he had contracted the house before building it. O'Connor failed to pay for the house, and in a final settlement had between them, some three months after the erection of the cottage, it became the property of Lipp. Lot 1, the evidence shows, was a portion of a hill which sloped toward the alley of block 114, in which it was situated, and was very steep and could not in its condition, at the time of purchase, be used for building purposes. It further appears that the ground in the part of the city in which it was located was very hilly and broken, and covered with a growth of small timber and underbrush, and the streets had not been opened or graded, and the lines of the block and its lots were not easily discoverable by the ordinary observer or searcher for them. Mr. Lipp made an effort to discover them, without, however, having them surveyed, and, supposing he had found them, put up the house in controversy and afterwards ascertained that it stood partly on the alley of block 114, back of lots 1 and 2 of the block, and partly on lots 17 and 18 of the same block, and extended more than half the way across the alley toward lot 1 from lot 18, the house standing on blocks of wood placed under the corners. After the sale of the cottage to O'Connor and its becoming again his property through the latter's failure to pay for it, and releasing any right to it, Lipp leased it and collected the rents during several months, and at some date during this time mortgaged it to a Mr. Doud to secure a loan of \$150, which, immediately prior to this and other suits connected with it, he paid and the lien was released. On or about April 3, 1891, the lots 17 and 18 referred to were purchased by Dorsey McDaniel, the plaintiff herein, the agent from

McDaniel v. Lipp.

whom they were purchased stating to him that the house was on lot 18 and he could move it up to the front a little and fix it up and make a residence of it. Very soon afterwards McDaniel succeeded in inducing one Gray, the tenant of Lipp, to remove from the house, having, however, prior to Gray's removal, pried it up and moved it a short distance over toward lot 18. After Gray moved out, McDaniel placed some of his own furniture in the house, which was thrown out at the instance of Doud, who was then claiming the right to a partial control, at least, of the house by virtue of his lien for the money loaned to Lipp. It remained for a short time in the possession of the party holding it in Doud's behalf, but was abandoned by him, presumably when Lipp gave Doud other security and released this. Then McDaniel (the parties moving it for him commencing on Saturday night at somewhere between 9 and 12 o'clock and working until afternoon of the Sunday following) had the house removed to about the center of lot 18, placed brick piers under it and built an addition to it, and sold it with lot 18 to Frank Lee about September or October, 1891. The change of position of the house to the center of lot 18 was effected about the middle of April, 1891. May 5, 1891, an action in replevin was instituted by Lipp to recover possession of the house, which was afterwards dismissed, and on May 14, 1891, he commenced another replevin action to get possession of the building and had spoken to one John Woodward to move the house, who informed McDaniel of it. This action was then commenced by McDaniel to enjoin Valentine Lipp, John Woodward, and A. A. Donnelly, constable, from removing or interfering with his possession of the house. A trial of the case in the district court resulted in a finding in favor of defendants Lipp, Woodward, and Donnelly and a dismissal of the action, from which plaintiff appealed to this court.

It is very clear from the evidence that Lipp had always

Minneapolis Harvester Works v. Kaessner.

considered and treated the house as personal property, and that it was not attached to lot 18 in such a manner as to become a part of it or belong to its owner, and that as between Lipp and McDaniel, when the last named party moved it over on his lot 18, it was personal property, and the act of McDaniel in moving it did not and could not change its character as such. (*Mills v. Redick*, 1 Neb., 437; *Central B. R. Co. v. Fritz*, 20 Kan., 430; *Hartwell v. Kelly*, 117 Mass., 235.) The evidence shows nothing further than that defendants proposed to attempt to take possession of the house by virtue of the action of replevin and the writ issued therein. There is no evidence of an attempt to interfere with the plaintiff's possession of the building in any other manner, or any threats of any other or different movements or efforts by defendants, or either of them, toward any molestation of the plaintiff in his enjoyment of it. That replevin was the proper action, see *Cobbey, Replevin*, secs. 363, 365; *Mills v. Redick*, 1 Neb., 437; *Fitzgerald v. Anderson*, 81 Wis., 341, 51 N. W. Rep., 554. It is very clear that the district court was right and its judgment of dismissal a correct one, according to the facts developed in the testimony in the case.

AFFIRMED.

MINNEAPOLIS HARVESTER WORKS V. GUSTAVE
KAESSNER.

FILED SEPTEMBER 18, 1894. No. 5835.

Usury. The evidence examined, and held insufficient to sustain the verdict.

ERROR from the district court of Douglas county. Tried below before SCOTT, J.

Silas Cobb, for plaintiff in error.

John P. Davis, *contra*.

HARRISON, J.

Defendant in error commenced an action in the district court of Douglas county, against the Minneapolis Harvester Works and Silas Cobb, alleging in his petition as cause of action: "That on the 15th day of December, 1887, plaintiff made and executed to the defendant corporation a certain promissory note for the sum of one thousand and thirty dollars (\$1,030), to be due and payable on the 10th day of June, 1888, which said note was for a consideration of nine hundred and ten dollars (\$910) and was usurious to the extent of the remaining one hundred and twenty dollars (\$120)." The petition further states that, as collateral security for the payment of the \$1,030 note, Kaessner delivered to the company a number of notes of other parties belonging to him, and on the 16th day of October, 1889, paid to the company the sum of \$250 to apply on the note for \$1,030; that the plaintiff in error collected of the collaterals the sum of \$775.65, which, together with the \$250, amounted to the sum of \$1,025.65, or \$115.65 of a surplus or overpayment of the \$910, which, deducting the usurious portion of the \$1,030, *i. e.* \$120, was the true amount due on said note; that there remained of the collaterals in the hands of plaintiff in error notes aggregating the sum of \$325, to which, by the payment of the amount due on the \$1,030 note, or \$910, Kaessner became entitled. He alleges a demand for the remaining notes of the collaterals, a refusal to deliver them to him, their conversion, and asks judgment for the \$115.65, overpayment on the note, and \$325, alleged value of the converted collaterals. To this the answer was: "The defendant admits that the note mentioned in the petition was executed for \$1,030, due and payable at the time

Minneapolis Harvester Works v. Kaessner.

therein alleged, and denies that said note is usurious to the extent of \$120, or any other amount;" an admission of the payment of the \$250, but a statement that it was not to be credited upon the \$1,030, unless Kaessner performed certain conditions (particularly stated in the answer, but not necessary here); the non-performance of the conditions and the crediting of the \$250 on an account then existing between the parties; an admission of the collection of the amount of \$775.65 from the collateral notes, and a denial of the allegation of the petition in regard to the value of the uncollected collateral notes and a denial of their conversion; a claim of a balance yet due plaintiff in error on the \$1,030 note, and a further allegation of a claim of amount due on account in the sum of \$65.88, and \$16 and interest, and \$120, and accrued interest on promissory notes described in the answer, signed by Kaessner and in favor of plaintiff in error. The answer concludes with a prayer for judgment against Kaessner in the sum of \$456.21 and interest, etc. Kaessner filed a reply, in which all new matter contained in the answer was denied except the allegation of the execution and delivery by him to plaintiff in error of the notes of \$16 and \$120, which it admitted, but stated that they were obtained through the fraud and misrepresentation of its general agent and were without consideration, or that the consideration therefor had failed, and a further allegation of labor and material performed and furnished by Kaessner for plaintiff in error during the years 1888 and 1889, in and about the repairing of sixteen machines, of the alleged worth and value of \$160. There was a trial and verdict by the jury in favor of Kaessner in the sum of \$521.11. Motion for new trial was argued and overruled and judgment rendered in accordance with the verdict for Kaessner, and the case was removed to this court for review by petition in error on behalf of the Minneapolis Harvester Works.

The only assignment of error we will notice is, that the

verdict was not sustained by sufficient evidence. Mr. Kaessner's claim or action is based upon the allegation that \$120 of the amount of the \$1,030 note was usurious or illegal interest, and that when he had paid the amount (\$910) remaining after deducting the \$120 from \$1,030, the face of the note, he was entitled to the return of the collateral notes which were still in the hands of plaintiff in error uncollected. An examination of the testimony discloses that there is a total failure of proof on the subject of usury. There is nothing in the evidence which tends in the least to show that the \$120, or any portion of the \$1,030, was interest, either legal or illegal, on this sum or any part of it, or any other sum. The most that can be said of the evidence is that it tends to show that there was \$120 of the \$1,030 which was made a part of the amount of the note without any consideration therefor. Mr. Kaessner says of it in one portion of his testimony as follows:

Q. What was this \$120 difference between the \$910 and \$1,030 for?

A. It was for forfeiture of overdue payments.

And in another place, during cross-examination, states:

Q. You stated that there was \$120 in this note that you do not owe?

A. Yes, sir.

Q. Why then did you execute a note for an amount that you didn't owe?

A. I did the year before, and I got my note.

The Court: You are asked to state why you did it.

A. It was their custom. They requested me to do so.

Mr. Cobb: How do you know it was their custom?

A. I done it the year before.

Q. You did that because it was their custom, did you?

A. Yes; that is what I did.

Q. You executed a note for \$120 more than you were indebted to them simply because it was their custom to

have it done that way, and that is the only reason you can give?

A. That is the way we done it.

Q. Is that the only reason you executed a note for \$120 more than you owed?

A. That is all.

There is nothing in this which shows the taking of illegal interest or contracting for it. A failure to prove that the \$120 was a usurious amount as pleaded in the petition left the amount of the note as expressed by its terms, \$1,030, and the payments made were insufficient to extinguish the indebtedness and entitle Kaessner to the collateral notes. It follows that the evidence is not sufficient to sustain the verdict and the judgment must be reversed. If it be claimed that, notwithstanding the proof on behalf of Kaessner was not sufficient to establish that the \$120 of the \$1,030 consideration of the note was usurious, yet it did tend to establish that the amount of the note should have been \$910, it will not cure the error or assist us, as we must then apply the rule that a party is not allowed to allege in his petition one cause of action and prove another upon trial. (*Imhoff v. House*, 36 Neb., 28.)

There are some other points argued in the briefs in reference to other branches of the case, but as the case must be returned to the lower court for another trial, we will not discuss them at this time.

REVERSED AND REMANDED.

ORRIN R. CAIN, APPELLANT, V. MINNIE D. BOLLER ET
AL., APPELLEES.41 721
48 549

FILED SEPTEMBER 18, 1894. No. 5386.

Estoppel. Where one, by his words or conduct, willfully causes another to believe in the existence of a certain state of facts, and induces him to act on that belief or to alter his previous condition, the former is concluded from averring against the latter a different state of things as existing at the same time.

APPEAL from the district court of Douglas county.
Heard below before ESTELLE, J.

B. G. Burbank, for appellant.

Cowin & McHugh, contra.

RYAN, C.

The contention on this appeal is between Orrin R. Cain, as appellant, and Minnie D. Boller and C. E. Boller, as appellees, as to the correctness of the findings of the district court of Douglas county in favor of the parties last named. On April 30, 1890, one A. R. McCandless was the owner of a lot and a half lot in Isabel's addition to the city of Omaha, which, in a writing of that date, he agreed to sell to Burton A. Karr, who agreed to purchase the same upon the terms in said writing provided; that is to say, Karr was to build a certain dwelling house thereon, and pay one-third of the purchase price in lumber and the other two-thirds out of a loan which he expected to effect, secured by a mortgage on the premises to be conveyed to him. About the 28th day of May, 1890, Karr contracted in writing with appellant for the erection by Cain of the dwelling house, to be built on the property which McCandless had agreed to convey to Karr. For building this house Cain was to receive from Karr the actual cost of

Cain v. Boller.

the necessary labor and material, with ten per cent in addition thereto. On June 11, 1890, Karr entered into a written contract with C. E. Boller for the sale by Karr to Boller of the property on which Cain, the appellant, was then erecting a building for Karr. As between Karr and Boller, the agreed price for the house, when completed, and the lots was \$2,800, of which \$900 was to be paid in Boller's architectural work, \$300 in a second mortgage, and the \$1,600, not otherwise provided for, by a first mortgage on the house and lots. The erection of the house proceeded under the contract between appellant and Karr until July 18, 1890, when Karr surrendered his contract for the purchase of the lots to McCandless, by whom, at Karr's request, another like contract relating to the same subject-matter was made with appellant Cain. On the same day, and as part of the same transaction, appellant transferred all his title, right, and interest in the lots mentioned. This assignment by Cain to Karr recited that the said Cain had received the said contract and made the same with McCandless at the request of said Karr, and that said Karr had furnished all the money therefor, and that said Cain had made said contract for the use and benefit of Karr and had paid nothing therefor. This arrangement and assignment were made because just previously thereto an attachment had been levied upon some lumber designed for use in the erection of Karr's building. Neither McCandless nor Boller had any knowledge of the assignment from Cain to Karr. Indeed, its existence was concealed from every one not a party to it, so that no process should be levied upon property improved or being used for that purpose, in satisfaction of claims against Karr. That both McCandless and Boller had knowledge of the transfer to Cain, and dealt with him as the only party concerned, except themselves, must be accepted as established by the findings of the trial court upon conflicting evidence. When the time came for McCandless to convey, it was suggested that the title be vested in

the wife of C. E. Boller for convenience in effecting a loan, and the deed was made accordingly. With a view to satisfying the company which was making the loan just referred to, and before said deed was made, Mr. Karr and his wife executed a writing which recited that all moneys which would have been payable to Karr from Boller, under the contract between Karr and Boller, should be paid to appellant Cain. Of the \$1,500 net obtained by this loan, Boller handed \$800 to appellant Cain as the first payment due on the contract for purchase. Out of this \$800 Cain made payment to McCandless of the balance, of \$695, still owing him. Boller at different times paid Cain sums aggregating \$327.50 at Cain's request. Cain applied to Boller for a payment of \$300 additional under the contract, in which, by Cain's own representations, Boller had been led to suppose Cain had been substituted in place of Karr. When Cain asked for this, the last cash payment required, Mr. Boller demanded that there should be delivered to him waivers of all claims for liens. Cain answered that as the laborers were at work he would not be able to obtain their waivers, but that as to the lumber and mill work he would furnish the waivers, and accordingly procured and delivered to Boller a written waiver of liens on the property signed by the Bohn Sash & Door Company, which furnished the mill work, and the Star Union Company, which had furnished the lumber. By the contract of Boller he was entitled to a waiver of liens before he made this payment, and in reliance upon these waivers he was induced to make payment to Cain, in whose petition a foreclosure was sought in part for the whole amount as to which these liens were waived. The monstrous nature of this claim becomes evident when it is noted that the whole amount of the items for labor done and material furnished aggregate but \$2,068.30, for which appellant's lien was claimed, on which claim filed there was credited a payment in cash of \$758.40, leaving a balance of but

 Phenix Ins. Co. v. Covey.

\$1,309.90, of which the sum total of the two liens waived was \$950. When appellant secretly assigned and transferred to Karr all his right, title, and interest in and to the lots now sought to be charged with a mechanic's lien, it is very doubtful, to say the least, whether under the circumstances of this case, independently of every other consideration, he did not part with all existing right to enforce a mechanic's lien against the lots in question. The district court properly held that added to this consideration it could not be tolerated that Cain should, as owner, procure payments to himself to be made on the faith of deceitful appearances of which he was the guilty author, and afterwards assert, as against the party who had acted on the faith of such appearances, a state of facts inconsistent therewith to the detriment of such other party. The judgment of the district court is

AFFIRMED.

IRVINE, C., not sitting.

41	724
41	729
41	724
44	391
44	400
44	581

PHENIX INSURANCE COMPANY OF BROOKLYN V. OTTO
COVEY ET AL.

FILED SEPTEMBER 18, 1894. No. 5827.

1. **Pleading: RULING ON MOTION FOR SPECIFIC STATEMENT: REVIEW.** Where no prejudice has resulted from the ruling of the trial court upon a motion for a more specific statement, such ruling will afford no ground of complaint on error.
2. **Fire Insurance: AGENTS: CONCURRENT INSURANCE: CONSENT: ESTOPPEL.** Where an insurance agent, with authority to receive premiums and issue policies, exercises such authority with knowledge of the existence of concurrent insurance on the premises, the company is estopped, after a loss, to insist that the policy is void because consent to such concurrent insurance was not given in writing.

ERROR from the district court of Lancaster county.
Tried below before HALL, J.

Jacob Fawcett and F. M. Sturdevant, for plaintiff in error.

Ricketts & Wilson, contra.

RYAN, C.

On the 29th of January, 1890, Sarah J. Suddith and her husband made to Otto Covey a mortgage to secure payment of eight promissory notes for the aggregate amount of \$1,685. On the 10th of February, following, the Phenix Insurance Company of Brooklyn, New York, issued its policy of insurance upon the mortgaged property to its owner, Sarah J. Suddith, containing a provision that "loss, if any, payable to Otto Covey, mortgagee, as his interest may appear." The building insured was wholly destroyed by fire February 18, 1890. The premium was not paid till after the fire, when, with full knowledge of the fact of loss, this premium was accepted by Palmer & Hendee, who, as local agents of the insurance company, had authority to fill out and issue policies on behalf of said insurance company and receive payment of premiums thereon. At the time of the issue of the policy in question it was agreed between the agent of Mrs. Suddith and the aforesaid local agents of the insurance company that payment of the premium might be made at some subsequent time. After the loss the mortgagee brought an action in the district court of Lancaster county, and, upon a trial had, a verdict was returned in his favor against the insurance company, which, as plaintiff in error, presents for our consideration several objections to the judgment and proceedings leading up to it.

It is first insisted that there was error in allowing a reply to be filed during the trial in which a waiver of a re-

Phenix Ins. Co. v. Covey.

striction in the policy as to concurrent insurance was for the first time pleaded. In the answer it was alleged that there was contained in the policy a provision that concurrent with the plaintiff in error's policy of insurance but \$1,000 concurrent insurance could be had without the express consent of the company in writing, and that no consent had been obtained, nevertheless the owner of the property had caused to be issued to her policies of concurrent insurance to the amount of \$1,500, and that by the express terms of the policy herein sued on said policy was thereby rendered absolutely void. It was in avoidance of these averments that there was in reply pleaded a waiver of this condition by the plaintiff in error. It is quite probable that under many circumstances the motion to make this reply more definite and certain so as to disclose by what officer or agent this waiver was consented to should have been sustained, because otherwise the insurance company might be at a great disadvantage in making its defense to this new affirmative matter. In the case under consideration, however, the waiver was claimed in evidence to have taken place through Palmer & Hendee, agents of the plaintiff in error. Both of these gentlemen were present at the trial and testified on this question, so that it is apparent that no prejudice resulted to the plaintiff in error by the ruling complained of on its motion. No condition is shown to have existed when this ruling was made, which indicates that the discretion of the trial court was abused in allowing the reply to be filed when it was.

There was evidence sufficient to sustain the contention that Messrs. Palmer & Hendee issued the policy sued on with full knowledge that concurrent insurance to the amount of \$500 in excess of the limitation of \$1,000 had been or was being effected by the assured. It may be true that these agents had no authority to waive the limitation at all. Certainly they could contract for a waiver if thereto empowered, only in the manner fixed by the policy; that is,

in writing. We do not understand, however, that the defendants in error rely upon a simple contract of waiver. The evidence shows that the premium was received by Palmer & Hendee several days subsequent to the issue of the policy—indeed, after a fire had destroyed the property insured—with full knowledge of the excess in amount of the then existing concurrent insurance. While they were local agents, it is not shown by the evidence in what respect their powers were special or limited. It is quite clear, however, that in the first instance they had full power to fix the figures in excess of which no concurrent insurance would be valid by the terms of the policy. From the fact of being local agents, having necessarily a knowledge of the value of the property insured, this limitation was properly intrusted to them to be fixed. If the proposed concurrent insurance was more than the value of the insured property justified, the local agents of necessity must be relied upon to refuse to issue a policy. In this instance, with full knowledge—as the jury must have found—that the concurrent insurance was in excess of the limitation fixed by them, these agents accepted the premium upon the policy issued on behalf of the plaintiff in error, and there has never been an offer to return the said premium or any part of it. The company was bound, not because its agents had contracted that it should thus be bound, but because the company is estopped to insist upon conditions inconsistent with those by virtue of which it received and has retained the premium on the policy sued on. (*Hughes v. Ins. Co. of North America*, 40 Neb., 626; *Phoenix Ins. Co. of Brooklyn v. Dungan*, 37 Neb., 468, and authorities therein cited. See, also, *Hibernia Ins. Co. v. Malevinsky*, 24 S. W. Rep. [Tex.], 804.)

The allowance of attorneys' fees is, in argument, criticised because the allowance was in favor of Messrs. Lamb, Ricketts & Wilson by name. These fees were, however, taxed as costs, and it would seem that whether taxed as

German-American Ins. Co. v. Covey.

attorneys' fees by that general designation, or by specially naming the attorneys of record, the power in the court would equally exist, and with equal regularity should be held to have been exercised.

As the insured property was wholly destroyed, there was no requirement or room for arbitration or other ascertainment of the amount of the loss otherwise than as fixed by the statute. (*German Ins. Co. v. Eddy*, 36 Neb., 461.) Shortly after the loss the adjuster for plaintiff in error visited the place where the fire occurred. It was shown that this adjuster was a general agent of the plaintiff in error, and that he repeatedly inquired into all the facts attending the loss complained of and talked with both the mortgagor and mortgagee upon that subject. This adjuster is shown to have denied that the plaintiff in error was liable to Otto Covey, and to have stated to Mr. Covey's attorney that nothing would be paid to him on account of this loss. The effect of this, if found as a fact, was fairly submitted to the jury. The judgment of the district court is

AFFIRMED.

GERMAN-AMERICAN INSURANCE COMPANY V. OTTO
COVEY ET AL.

FILED SEPTEMBER 18, 1894. No. 5928.

ERROR from the district court of Lancaster county.
Tried below before HALL, J.

Jacob Fawcett and F. M. Sturdevant, for plaintiff in error.

Ricketts & Wilson, contra.

Campbell v. Baxter.

RYAN, C.

This cause was tried upon the same issues and evidence, and argued upon the same briefs, as were submitted in *Phenix Ins. Co. v. Covey*, 41 Neb., 724, and, following that case, is

AFFIRMED.

SAMUEL S. CAMPBELL ET AL. V. GEORGE BAXTER.

FILED SEPTEMBER 18, 1894. No. 5397.

1. Real Estate Agents: DOUBLE EMPLOYMENT: COMMISSIONS.

A real estate agent acting for both parties in effecting an exchange of their property can recover compensation from neither unless such agent's double employment was known and assented to by both said contracting parties.

2. Right of Vendor to Recover Commission Paid Real Estate Agent in Employ of Vendee. Money paid by a principal to his agent for the latter's services in effecting a sale or exchange of the principal's property may be recovered back, in an action at law, when it appears that such agent had or was to receive a commission or compensation from the other party to the trade or exchange for his services in bringing it about, if it also appear that at the time such principal made such payment he was ignorant of the fact that his agent was acting for both parties to such trade or exchange.

ERROR from the district court of Douglas county. Tried below before IRVINE, J.

The opinion contains a statement of the case.

Switzler & McIntosh, for plaintiffs in error:

The compromise, settlement, and dismissal of the suit of Campbell & Hervey against Baxter was a sufficient consideration for the payment of the money and the making of the note in controversy.

41	729
143	787
41	739
55	582

Campbell v. Baxter.

The compromise and settlement of an asserted claim involved in legal controversy, be it never so doubtful, constitute a sufficient consideration for any obligation given by one party to the other in consideration of such settlement. (*Weed v. Terry*, 2 Doug. [Mich.], 344; *Parker v. Enslow*, 102 Ill., 272; *Dunham v. Griswold*, 100 N. Y., 224.) Campbell & Hervey, in the suit so settled, were honestly asserting a claim which they had a reasonable ground to believe could be maintained. In an action brought upon an obligation given by a defendant in consideration of the compromise and settlement of a prior suit against him, the court will not inquire into the validity of the claim so settled. It is enough if a claim involving a legal controversy, which the plaintiffs had a reasonable ground to believe they could maintain, was honestly asserted. (*Flannagan v. Kilcome*, 58 N. H., 443; *Bozeman v. Rushing*, 51 Ala., 529; *Wehrum v. Kuhn*, 61 N. Y., 623; *Keefe v. Vogle*, 36 Ia., 87; *Sullivan v. Collins*, 18 Ia., 228; 1 Parsons, Contracts [7th ed.], p. 439; *Boyce v. Berger*, 11 Neb., 399; *Treitschke v. Western Grain Co.*, 10 Neb., 360.)

The plaintiffs in error did not represent or claim to represent Van Closter and McLaughlin in the deal. Their claim was that they brought the parties together, and for that service Van Closter and McLaughlin agreed to pay them \$500. The evidence tends to show that, at the time of the settlement in controversy, Baxter knew, or at least had such knowledge that by using reasonable diligence he might have known, all the facts relating to the matter which he claims the plaintiffs in error concealed from him at and prior to said settlement. Not merely was the burden upon Baxter of proving his ignorance, but, under the circumstances in this case, and for the purpose of going behind a compromise and settlement solemnly entered into by him, it was incumbent upon him to establish the allegation of ignorance by evidence that was clear and con-

vincing, and that could not reasonably be doubted. (*Allis v. Billings*, 2 Cush. [Mass.], 19; *Stitt v. Hindekopers*, 17 Wall. [U. S.], 384.)

Where a real estate agent is employed to find a purchaser at a price fixed by the seller, or at a price which shall be satisfactory to the seller when he and the purchaser meet, he may, if he has so agreed, recover commissions from both parties to the transaction, for he is then only a middle-man, and his duty is performed when the buyer and seller are brought together. (*Herman v. Martin*, 1 Wis., 136; *Stewart v. Mather*, 32 Wis., 344; *Mullen v. Keetzleb*, 7 Bush [Ky.], 253; *Rupp v. Sampson*, 82 Mass., 398.)

Greene & Baxter, contra:

A real estate agent or broker, who is acting as agent for the purchaser without the knowledge of the seller, is not entitled to commissions from the latter; and such commissions, when paid without such knowledge, may be recovered back, even though the sale was an advantageous one. (*Cannell v. Smith*, 21 Atl. Rep. [Pa.], 793; *Kelley v. Solari*, 9 M. & W. [Eng.], 54.)

The defendant in error compromised and settled the claim of plaintiffs in the attachment suit on the supposition that they were his sole agents, and that as such they were entitled to recover. To sustain a settlement or compromise it is essential that the claim be sustainable in law or equity. (1 Parson, Contracts, 366, 367, note *c*; Chitty, Contracts [10th Am. ed.], 33, 35, 41, note *m*; Addison, Contracts [12th Am. ed.], 21, note *n*; Story, Contracts, 435, 436; Smith, Contracts [4th Am. ed.], 102; *Jones v. Ashburnham*, 4 East [Eng.], 455; *Smith v. Algar*, 1 Barn. & Ad. [Eng.], 604; *Wade v. Simeon*, 2 C. B. [Eng.], 548; *Gould v. Armstrong*, 2 Hall [N. Y.], 266; *Cabot v. Haskins*, 3 Pick. [Mass.], 83; *Warder v. Tucker*, 7 Mass., 449; *Durbar v. Marden*, 13 N. H., 311; *Jarvis v. Sutton*, 3 Ind.,

Campbell v. Baxter.

289; *Stewart v. Ahrenfeldt*, 4 Denio [N. Y.], 189; *Sullivan v. Collins*, 18 Ia., 228.) If the parties know, or ought to know, that the claim has no foundation, it is not a good consideration. (*Pitkin v. Noyes*, 48 N. H., 294; *Headley v. Hackley*, 50 Mich., 43; *Feeter v. Weber*, 78 N. Y., 334.) To make forbearance to sue a good consideration for a promise to pay, there must be a well founded claim in equity or law for one, or there must be a compromise of doubtful right. (*McKinley v. Watkins*, 13 Ill., 140; *Zimmer v. Becker*, 66 Wis., 527.)

If the plaintiffs in error acted as agents for both parties, and not as middle-men, they could not recover commissions from either, unless the double agency was unequivocally expressed and clearly made known. (*Scribner v. Collar*, 29 Am. Rep. [Mich.], 543; *Everhart v. Searle*, 71 Pa. St., 256; *Raisin v. Clark*, 41 Md., 158; *Walker v. Osgood*, 93 Am. Dec. [Mass.], 168; *Bell v. McConnell*, 41 Am. Rep. [O.], 528; *Rice v. Wood*, 18 Am. Rep. [Mass.], 459; *Farnsworth v. Hemmer*, 1 Allen [Mass.], 494.)

If the broker acts adversely to his principal in any part of the transaction, omits to disclose any interest which would naturally influence his conduct in dealing with the subject of the employment, it amounts to such a fraud upon the principal as to forfeit any right to compensation for services. (*Carman v. Beach*, 63 N. Y., 97; *Murray v. Beard*, 102 N. Y., 505.)

The plaintiffs in error could not consistently be agents for both parties. (*Lynch v. Fallon*, 11 R. I., 312; *Siegel v. Gould*, 7 Lans. [N. Y.], 177.)

RAGAN, C.

George Baxter sued Samuel S. Campbell and George W. Hervey, copartners, in the district court of Douglas county to recover back from them the sum of \$250 which he had paid them. Baxter had judgment and Campbell & Hervey bring the case here for review.

The theory on which Baxter predicates his right to recover back the money paid, as disclosed by his petition and evidence, is that in 1888 he owned a cattle ranch and some cattle in Kansas and in the spring or summer of this year employed Campbell & Hervey, who were real estate agents in the city of Omaha, to effect a sale of his cattle ranch for \$45,000 in money, or effect an exchange of said cattle ranch for property in Omaha or vicinity; that Campbell & Hervey undertook to effect this sale or exchange of this cattle ranch as his, Baxter's, agents; that through the instrumentality of Campbell & Hervey, Baxter effected an exchange of his cattle ranch with Van Closter and McLaughlin for real estate of theirs in the city of Omaha, the latter paying Baxter a difference of \$14,000 in cash; that Campbell & Hervey, subsequently to the exchange of said properties, brought suit against Baxter to recover from him their commissions for their services rendered in and about the exchange of said properties; that in compromise and settlement of that suit Baxter executed to Campbell & Hervey his note for \$250, which is past due and which he has since refused to pay, and also at the same time paid them \$250 in cash, the money sought to be recovered back by this suit; that at the time Campbell & Hervey were acting as Baxter's agents for the purpose of effecting a sale or exchange of his ranch they were also acting as agents for Van Closter and McLaughlin, and were to receive from them a commission or compensation for effecting an exchange of their property for the property of Baxter; that he, Baxter, until he had paid the money which he now seeks to recover back, had no knowledge that Campbell & Hervey were acting for Van Closter and McLaughlin. The defense of Campbell & Hervey, as disclosed by their pleadings and evidence, is that though they were to receive a commission or compensation from Van Closter and McLaughlin for services rendered them in effecting the exchange of their property for Baxter's ranch, yet they

took no part in the negotiations between Baxter and Van Closter and McLaughlin on behalf of either of said contracting parties which resulted in the exchange of their properties; that their employment by Baxter and Van Closter and McLaughlin was merely for the purpose of bringing the parties together, they to make their own trade, and that they did conduct the negotiations and make the trade without their, Campbell & Hervey's, interference in any manner; that in the transaction they were merely "middle-men;" and that Baxter, at the time he paid them the money which he now seeks to recover back, knew that they, Campbell & Hervey, were to receive a commission from Van Closter and McLaughlin.

1. One argument of counsel for the plaintiffs in error is that the findings made by the district court are unsupported by sufficient competent evidence. The chief issues of fact presented to the trial court were (a) whether Campbell & Hervey, in the part they took in the transaction between the trading parties, were mere "middle-men,"—that is, whether they were employed merely for the purpose of bringing the trading parties together, leaving them to conduct their own negotiations and make their own trade, or whether they undertook for Baxter to effect a sale or exchange of his ranch and such exchange was effected through their efforts; (b) whether Baxter knew, at the time he paid the money now sought to be recovered in this action, that Campbell & Hervey were acting for and were to receive a commission from Van Closter and McLaughlin. Both these issues must have been found by the trial court in favor of Baxter; and while there was a sharp conflict in the evidence it supports the conclusions reached by the trial court.

2. A second argument is that the judgment of the court is contrary to the law of the case. The findings of the trial court do not place the plaintiffs in error in this transaction in the status of "middle-men," as was the case with

Campbell v. Baxter.

the brokers in *Orton v. Schofield*, 61 Wis., 382, and cases of a like class, but brings the plaintiffs in error within the rule laid down in *Rice v. Wood*, 113 Mass., 133, where it was held: "A broker acting for both parties in effecting an exchange of property can recover compensation from neither, unless his double employment was known and assented to by both." (*Walker v. Osgood*, 98 Mass., 348.) In *Bollman v. Loomis*, 41 Conn., 581, it was held: "The policy of the law forbids that a person acting as the friend and confidential adviser of a purchaser should at the same time be secretly receiving compensation from the seller for effecting the sale; and a contract for such compensation is void." In *Meyer v. Hanchett*, 43 Wis., 246, it was held: "One cannot act as agent for both seller and purchaser, unless both know of and assent to his undertaking such agency and receiving commissions from both." (*Holcomb v. Weaver*, 136 Mass., 265; *Byrd v. Hughes*, 84 Ill., 174; *Atlee v. Fink*, 75 Mo., 100; *Scribner v. Collar*, 40 Mich., 375.) From these cases it quite clearly appears that if Campbell & Hervey had sold Baxter's property for \$45,000 cash, they could not have recovered their commissions from Baxter for making such sale if it had appeared that they received or were to receive a commission also from the purchaser. That the property of Baxter was exchanged for other property did not alter the relations of Campbell & Hervey to Baxter. It was the duty of Campbell & Hervey, in acting as agents for Baxter, to use their best endeavors for him. If they were to sell the property for cash, it was their duty to obtain for him the highest price they could. While acting as agents for the seller they could not also act as agents for the purchaser, because as his agents it would be their duty to buy the property as cheaply as possible. In acting as agent for Baxter to find some person who would exchange Omaha property for this ranch it was the duty of Campbell & Hervey to give their principal, Baxter, an opportunity to

Campbell v. Baxter.

trade or exchange his ranch for any Omaha property that might be for trade or exchange, and to introduce to him any person within their knowledge owning property which he desired to trade for such property as Baxter's; but Campbell & Hervey, by accepting employment and the promise of a commission from Van Closter and McLaughlin as the result of an exchange of their property for Baxter's, put themselves in such a position that it was to their interest that Baxter should trade with Van Closter and McLaughlin instead of with other persons. We do not say that Campbell & Hervey acted in bad faith nor were influenced by improper motives; but we do say that their relations with Van Closter and McLaughlin afforded Campbell & Hervey the temptation to keep from Baxter the acquaintance of other parties owning property in Omaha and which they would trade for Baxter's.

Another argument under this heading is, since Baxter paid the money sought to be recovered back in compromise and settlement of a suit brought against him by Campbell & Hervey, and as the law favors settlements and compromises and discourages litigation, that therefore Baxter should not be allowed to recover. It is clear from the authorities that Baxter could have interposed the double agency of Campbell & Hervey as a defense to the suit they brought against him for their commissions. He did not interpose such defense, for the very good reason, as the court finds, that at the time he made the settlement and paid the money he was ignorant of the relations which Campbell & Hervey sustained towards Van Closter and McLaughlin. We know of no principle of law or public policy that precludes Baxter's right to recover back money paid under such circumstances. (*Cannell v. Smith*, 21 Atl. Rep. [Pa.], 793.) There is no error in the record and the judgment of the district court is

AFFIRMED.

IRVINE, C., not sitting.

Kilpatrick-Koch Dry Goods Co. v. Cook. Lincoln Street R. Co. v. Adams.

**KILPATRICK-KOCH DRY GOODS COMPANY, APPELLEE,
v. HENRY H. COOK ET AL., APPELLANTS.**

FILED SEPTEMBER 18, 1894. No. 4631.

Review: FAILURE TO FILE BRIEFS No brief having been filed in this case by the appellants, the decree of the district court is affirmed without an examination of the record.

APPEAL from the district court of Douglas county.
Heard below before DOANE, J.

John P. Davis, for appellants.

Montgomery & Montgomery, contra

RAGAN, C.

This is an appeal from Douglas county. No brief having been filed by the appellants, the decree of the district court is therefore affirmed without an examination of the record.

AFFIRMED.

**LINCOLN STREET RAILWAY COMPANY v. CHRISTIAN
H. ADAMS.**

FILED SEPTEMBER 18, 1894. No. 5572.

Surface Water: STREET RAILWAYS: DAMAGES. A proprietor may not collect surface waters on his estate into a ditch or drain and discharge them in a volume on the lands of his neighbor. *Fremont, E. & M. V. R. Co. v. Marley*, 25 Neb., 138, followed.

ERROR from the district court of Lancaster county.
Tried below before HALL, J.

41b	737
43	549
41b	737
44	534
41b	737
45	640
41b	737
48	78
48	83

The opinion contains a statement of the case.

William G. Clark, for plaintiff in error:

An adjoining owner cannot, by a ditch or canal, empty a natural reservoir, such as a pond, slough or "sag hole," onto his neighbor. (*Davis v. Londgreen*, 8 Neb., 43; *Pettigrew v. Village of Evansville*, 25 Wis., 223.)

After receiving surface water onto his land, the proprietor cannot collect the fugitive waters which would otherwise soak into the ground or would run off in many streams and directions, and discharge the accumulations in a single stream onto his neighbor. (*Pettigrew v. Village of Evansville*, 25 Wis., 236; *Fremont, E. & M. V. R. Co. v. Marley*, 25 Neb., 138; *Barkley v. Wilcox*, 86 N. Y., 146.)

A man may stand at the boundary line of his estates and, by ditch, dike, or erections of any character, may fight surface waters as a common enemy, without regard to accumulations or to directions such accumulated waters may take or to damage they produce. (*Dickinson v. Worcester*, 7 Allen [Mass.], 19; *Parks v. City of Newburyport*, 10 Gray [Mass.], 28; *Turner v. Inhabitants of Dartmouth*, 13 Allen [Mass.], 291; *Flagg v. City of Worcester*, 13 Gray [Mass.], 603; *Gannon v. Hargadon*, 10 Allen [Mass.], 106; *Morrison v. Bucksport & B. R. Co.*, 67 Me., 353; *Phinisy v. City Council of Augusta*, 47 Ga., 260; *Schlichter v. Philipy*, 67 Ind., 202; *Pettigrew v. Village of Evansville*, 25 Wis., 236; *Ulrich v. Richter*, 37 Wis., 229; *Freburg v. City of Davenport*, 63 Ia., 119; *Morris v. City of Council Bluffs*, 67 Ia., 344; *Barkley v. Wilcox*, 86 N. Y., 146; *Johnson v. Chicago, St. P., M. & O. R. Co.*, 80 Wis., 641; *Jordon v. St. Paul, M. & M. R. Co.*, 42 Minn., 175; *Kansas City & E. R. Co. v. Riley*, 33 Kan., 376; *Atchison, T. & S. F. R. Co. v. Hammer*, 22 Kan., 763; *Abbott v. Kansas City, St. J. & C. B. R. Co.*, 83 Mo., 286; *Schneider v. Missouri P. R. Co.*, 29 Mo. App., 68; *Burke v. Missouri*

P. R. Co., 29 Mo. App., 370; *Fremont, E. & M. V. R. Co. v. Marley*, 25 Neb., 138.)

A municipal or railway corporation has precisely the rights of an individual. It may keep off surface water. It is not bound to provide sewers or culverts or protect parties owning low, undesirable property. Such parties are presumed to protect themselves when purchasing, and buy with reference to the right of neighbors or public to fight surface water. (*Heth v. City of Fond du Lac*, 63 Wis., 228; *Waters v. Village of Bay View*, 61 Wis., 642; *Hoyt v. City of Hudson*, 27 Wis., 656; *Weis v. City of Madison*, 75 Ind., 241; *Lambar v. City of St. Louis*, 15 Mo., 610; *White v. Corporation of the City of Yazoo*, 27 Miss., 357; *Lynch v. City of New York*, 76 N. Y., 60; *Town of Union v. Durkes*, 38 N. J. Law, 21; *Mills v. City of Brooklyn*, 32 N. Y., 489; *Henderson v. City of Minneapolis*, 32 Minn., 319; *Barry v. City of Lowell*, 8 Allen [Mass.], 127.)

Pound & Burr, contra:

Adams is not an upper land owner upon whose land surface water is kept by the erections of the company, but a lower owner upon whose land it is discharged in great quantities by the artificial channel made by the company. Whether or not a lower owner can keep back surface water and restrain it on the land of an upper owner; whether or not one owner can prevent it from spreading out over his land by elevating it or by embankments and thus cause it to stand on or to spread out over adjoining lands, it is well settled and undisputed that no one can collect surface water and discharge it in an artificial channel on the land of another. Much less can he collect in a large cut the surface water of an entire district, conduct it in channels of his own making over one hundred yards, and pour it in a torrent upon another's land. (*Fremont, E. & M. V. R. Co. v. Marley*, 25 Neb., 139; *Davis v. Londgreen*, 8 Neb., 43; *Gregory v. Bush*, 64 Mich., 37, 44; *Noonan v. City of Al-*

bany, 79 N. Y., 470; *Livingston v. McDonald*, 21 Ia., 160; *Templeton v. Voshloe*, 72 Ind., 134; *Yerex v. Eineder*, 86 Mich., 24; *Hogenson v. St. Paul, M. & M. R. Co.*, 31 Minn., 224; *Miller v. Laubach*, 47 Pa. St., 154; *Crabtree v. Baker*, 75 Ala., 91; *Knight v. Brown*, 25 W. Va., 808; *Cairo & V. R. Co. v. Stevens*, 73 Ind., 278; *Gulf, C. & S. F. R. Co. v. Helsley*, 62 Tex., 593; *Benson v. Chicago & A. R. Co.*, 78 Mo., 504.)

A city cannot collect surface water and pour it on private land. (*Gillison v. City of Charleston*, 16 W. Va., 282; *Byrnes v. City of Cohoes*, 67 N. Y., 204.)

Drainage commissioners and other public officers cannot collect surface water in ditches and discharge it on private land. (*Chapel v. Smith*, 80 Mich., 101; *Young v. Commissioners of Highway*, 134 Ill., 569.)

RAGAN, C.

This suit was brought by Christian H. Adams in the district court of Lancaster county against the Lincoln Street Railway Company for damages. As the petition is well drawn and concisely states the facts relied upon for a cause of action we quote it at length. It is as follows:

"The plaintiff, for cause of action against the said defendant, alleges that he is and was on and prior to the — day of April, 1891, the owner in fee-simple and in possession of lot A, in South Park addition to the city of Lincoln, in said county, and the lessee and in possession of lots thirty-two and thirty-three (32 and 33), in block four (4), in said South Park addition; that upon said lot A are the dwelling house of the plaintiff, where he and his family resided on said — day of April, 1891, and now reside, and his barn, well, and outhouses; that said lots 32 and 33 then were and are used by plaintiff as a market garden; and the plaintiff alleges that the grade and track of the Burlington & Missouri River Railroad Company runs along the west side of said lots, and that one of the public

streets of said city of Lincoln, known as Hill street, runs between said lot A and the said lots 32 and 33, across said railroad track, the said lot A being on the south side thereof and said lots 32 and 33 on the north side; that the said railroad grade and track are elevated some three or four feet above the surface of said lots; that prior to said — day of April, 1891, said Hill street was on the same level with said lots, and that prior to said — day of April, 1891, the surface water in case of rains was wont to and did flow across said Hill street to the east of said lots and to a ravine and culvert under said railroad track and thence to the west side of said track; that east of said lots, about one hundred yards on said Hill street, there is a hill which, prior to said — day of April, 1891, sloped gradually to said ravine so that the surface water from said hill in case of rain was wont to and did flow into said ravine and through said culvert to the west side of said railroad track.

“And the plaintiff further alleges that the said defendant is a corporation duly organized under the laws of the state of Nebraska; that on said — day of April, 1891, the said defendant began to lay its track upon and along said Hill street from a public street of said city known as Tenth street, two blocks east of plaintiff’s said lots, across said railroad track and grade and beyond the same; that in laying said track the said defendant carelessly and negligently made a deep cut of the depth of three feet and upwards in said hill east of plaintiff’s said lots along said Hill street, and from the base of said Hill street west to said railroad track carelessly and negligently raised and graded up the middle of said Hill street to a level with said railroad track and grade and over two feet above the surface of said lot and built and laid their said track thereon, and carelessly and negligently omitted and failed to put culverts under their said track and grade and carelessly and negligently failed to provide for carrying off the

surface water from said cut in said hill, and in constructing said grade and laying said track carelessly and negligently dug ditches on each side thereof for the purpose of obtaining earth for said grade and failed to provide means for conducting the water therefrom at the place where said track crosses said railroad track, by reason whereof all the surface water from the south side of said Hill street which was wont to flow across said Hill street and into said ravine is now stopped by said grade and track of the defendant and accumulates, stands, and remains upon said lot A, and the surface water from said hill which was wont to flow into said ravine now flows into said cut and along either side of said grade and track of defendant in the ditches on either side thereof and cuts and wears ditches and channels on either side thereof and flows from and out of such ditches and channels in and upon said lots of the plaintiff on either side of said street and there stands and accumulates, and is unable to flow off plaintiff's said lots, owing to the carelessness and negligence of the defendant in not providing proper culverts under said track and grade, and in constructing said cut so as to divert the surface water from said hill and from its natural course and direction, and cause it to flow into said cut and thence into and along said Hill street instead of into said ravine as it had been wont to flow.

"And the plaintiff further alleges that on or about the first day of June, 1891, he had growing in his market garden in said lots 32 and 33 upwards of 3,000 cabbages and 5,000 egg plants, of the value of \$800; that on or about said date there were heavy rains, and that by reason of the negligence of the defendant, as above set forth, all the surface water from said hill flowed in and upon said lots and deposited large quantities of waste and refuse matter thereon and there accumulated, stood, and remained for the space of two weeks and upwards, being unable to run off by reason of the negligence of the defendant in

constructing said cut and track as above set forth, and thereby destroyed said cabbages and egg plants and rendered said lots utterly unfit to be used as a market garden and deprived the plaintiff of the use of the same; that on said date, by reason of the negligence of the defendant in constructing said cut and grade as above set forth, the surface water from said hill and from the south side of said Hill street flowed in and upon said lot A, and, owing to the negligence of said defendant in not providing culverts under their said grade and track, was unable to flow off from said lot but accumulated thereon to the depth of two feet and stood and remained thereon for the space of two weeks and upwards and brought and deposited large quantities of refuse and waste matter thereon, and filled up the well of the plaintiff with foul water and refuse matter, by reason whereof the water in said well became unwholesome and unfit to use, so that plaintiff was and is obliged to go more than 100 yards distant from his said house for water, and filled the cellar of plaintiff's house on said lot and destroyed his goods therein and rendered his house unhealthy, and the said waste and refuse matter brought and deposited upon said lot by said water decayed and produced foul, noisome, and unhealthy odors, and rendered the family of the plaintiff, to-wit, his wife and five children, sick and diseased for the space of several months, and from which sickness they have not yet recovered, and the plaintiff was compelled and obliged by reason thereof to neglect his necessary business to attend to and care for his family for the space of two months, and has been compelled to pay out and expend for medicines and services of a physician in caring for his family a large sum of money, to-wit, the sum of \$250 and upwards; and the plaintiff alleges that said water stood in his barn on said lots and covered the floor thereof and caused the hay and manure therein to rot and decay and give rise to noxious and unhealthy odors, and rendered the same unfit to be used by

the plaintiff, by reason whereof plaintiff was compelled to tear down, remove, and rebuild the same, and in so doing to expend a large sum of money, to-wit, the sum of \$50; and that by reason of the water standing upon said lot as aforesaid, and depositing said refuse and waste matter thereon, said premises have been rendered unhealthy and uninhabitable."

The answer of the street railway company was, in substance, a general denial. Adams had a verdict and judgment, and the street railway company brings the case here for review.

Counsel for the street railway company insists that the grievances pleaded and proved against his client arose from its acts and efforts to protect its property from surface water, and that if Adams sustained any damages by reason thereof, the street railway company is not liable therefor. In other words, the contention of counsel is that the facts pleaded and proved against the street railway company bring it within the rule of the common law, that a proprietor, by dikes or erections on his own land, may fight surface water as a common enemy without regard to its accumulation or to directions such accumulated water may take or to damages it may do. (See the rule stated and the authorities collated in 24 Am. & Eng. Ency. Law, 917.) But we think that the pleadings and evidence in this case do not bring it within the rule just stated. The petition in this case was framed upon the theory that the cut made by the street railway company in Hill street gathered together the surface waters which would otherwise have flowed off in many streams and in other directions and discharged them in a body on the property of Adams. The evidence supports the allegations of the petition and the findings of the jury in this respect. This case then falls within the rule that a proprietor may not collect surface waters on his estate into a ditch or drain and discharge them in a volume on the land of his neighbor. (*Hogenson v. St. Paul, M. &*

M. R. Co., 31 Minn., 224.) Such is also the doctrine of this court. (*Fremont, E. & M. V. R. Co. v. Marley*, 25 Neb., 139. See the rule stated and cases in support thereof, 24 Am. & Eng. Ency. Law, 928.)

There are a number of errors assigned as to the admission and rejection of testimony and to the giving and refusing of instructions by the trial court. It would subserve no useful purpose to discuss here these assignments, as no one of them can be sustained. The learned counsel for the plaintiff in error strenuously insists that the verdict of the jury is unsupported by sufficient evidence, and that, in any event, the amount of damages awarded Adams by the jury is excessive. The evidence is not of the most satisfactory or convincing character, but it is sufficient to support the verdict. The judgment must be and is

AFFIRMED.

EMMA SCHROEDER ET AL. V. STATE OF NEBRASKA, EX
REL. JAMES B. FILBERT.

41 745
57 162

FILED SEPTEMBER 18, 1894. No. 6762.

1. **Custody of Infants.** In a controversy for the custody of an infant of tender years the court will consider the best interests of the child and will make such order for its custody as will be for its welfare, without reference to the wishes of the parties. *Sturtevant v. State*, 15 Neb., 459, *Giles v. Giles*, 30 Neb., 624, and *State v. Schroeder*, 37 Neb., 571, approved and followed.
2. **The right to the custody of an infant child** which the law confers upon its father is not for the benefit of the father, but for the benefit of the child; and this right of custody is conferred on the father because the law presumes that he will avail himself of the child's custody for its benefit; but he may forfeit his right to the custody of his child by abandonment.

ERROR from the district court of Cass county. Tried below before AMBROSE, J.

Byron Clark, for plaintiffs in error.

A. N. Sullivan, contra.

RAGAN, C.

James B. Filbert, as relator, instituted in the district court of Cass county *habeas corpus* proceedings against Emma Schroeder and Frederick Schroeder, her husband, as respondents, for the purpose of having the custody of Florence A. Filbert and Angela G. Filbert, relator's minor children, taken from the respondents and awarded to him, the relator. From the order of the district court denying the application Filbert prosecuted a proceeding in error to this court, where the judgment of the district court was affirmed. (See *State v. Schroeder*, 37 Neb., 571.) The present is a supplemental proceeding in the same case, between the same parties, and for the same purpose as the original proceeding. The learned judge of the district court, on the hearing of the supplemental proceeding, made an order awarding the custody of the children to the relator, and from that order the respondents prosecute error to this court. Many of the facts in the case will be found in the case reported in 37 Neb., 571. These children are two girls, five and seven years of age, respectively. The relator is their father. Their mother is dead. The respondents are the step-grandfather and step-grandmother of the children.

The doctrine of this court is that in a controversy for the custody of an infant of tender years the court will consider the best interests of the child and will make such order for its custody as will be for its welfare, without any reference to the wishes of the parties. This was the rule announced in *Sturtevant v. State*, 15 Neb., 459. This case

was cited with approval and followed in *Giles v. Giles*, 30 Neb., 624, and again in *State v. Schroeder*, 37 Neb., 571. This is the doctrine of the American courts without any exception, so far as I am aware. It has also been the doctrine of the English courts since 1840. We have then the question, does it appear from the evidence in the record that it would be for the best interests of these minors that they should be given into the custody of the relator? A study of the evidence in the record leads us to the conclusion that it would not. The relator married the mother of these children in May, 1885. The children's mother was at that time living in Cass county, Nebraska, with the respondents, who had reared her. Soon after the relator's marriage he removed with his wife to Hastings, Nebraska, where he resided until the spring of 1886. He and his wife then took up their residence in the village of Kenesaw, Nebraska, where they remained until about December, 1890. In April, 1890, while the relator and his wife were residing in Kenesaw, trouble arose between them. The relator charged his wife with being criminally intimate with one E. N. Crane, a citizen of Kenesaw. The relator brought suit against his wife in the district court of Adams county for a divorce on the ground of adultery, and at the same time instituted a suit for damages against Crane. These suits, however, were never prosecuted, but in September, 1890, were dismissed for want of prosecution. The relator and his wife then effected a reconciliation, and about December of that year removed to Custer City in South Dakota, and there resumed their marital relations. Soon after the relator took up his residence in Custer City he converted into money a printing press and its paraphernalia, the property of his wife, and told her that he was going to Deadwood for the purpose of going into business. Instead of this, however, he went at once to Bloomington, Indiana, and entered the law school of the state university in that city,

Schroeder v. State.

and there remained until after the death of his wife, which occurred some time in July, 1891. From the time relator left Custer City he concealed his whereabouts from his wife, and did not know of her death until some time in 1892. It also appears from a letter in the record, written by the wife to her step-mother, respondent, bearing date December 20, 1890, that at that time the relator had been gone from his wife and children for four weeks; that she did not know of his whereabouts; and that he had left her only five dollars for the care of herself and children. From the time the relator left his family in Custer City until the time of the mother's death, in July, 1891, the relator not only kept his whereabouts concealed from his wife and children, but contributed nothing to their support. In July, 1891, the mother died among strangers at Ottawa, Kansas, and a banker of that city took possession of the little children. It also appears from the record that the relator's wife, during her last sickness, expressed a desire that her sister, a Mrs. Dewey, should have the custody of the children in controversy in this action. Soon after the death of the relator's wife this Mrs. Dewey and the respondent, Mrs. Schroeder, went to Kansas, and there Mrs. Dewey gave possession of the children to Mrs. Schroeder,—the reason for this being that Mrs. Dewey was not in good health and had a family of her own, and that Mrs. Schroeder had no family and was anxious for the children, and was abundantly able financially to maintain, educate, and rear them as they should be. Mrs. Schroeder thereupon took the children to her home, where they have since resided, and in all respects been treated as though they were her own children. It also appears that when the relator first learned of the death of his wife,—early in the year of 1892,—the first thing he did was to write to the county judge of Adams county, Nebraska, inquiring as to whether an administrator had been appointed for the property of his wife. Mrs. Filbert died the owner of certain

real estate in that county. The relator made no inquiry about his children. In August, 1892, he first visited his children at the home of the respondents. This was the first time that he had seen them since he abandoned them in Custer City in December, 1890.

We have no concern here with the merits or demerits of the trouble between relator and his wife. Whether she was faithful or unfaithful is wholly immaterial in this controversy. The relator has not hesitated in this record to charge her with unchastity. Indeed, he has gone so far at one time as to doubt whether he is the father of the younger of the children whose custody he now seeks to obtain; but we cannot say upon our oaths and consciences that we believe that it is for the best interests of these little children that they should be given into the custody of the relator. The evidence constrains our judgments to the conclusion that it would not be for the best interests of the children that they should be taken from the custody of the respondents and given to the relator, notwithstanding the fact that he is their father. These respondents are exemplary people, somewhat advanced in years, possessed of considerable property, without children of their own, anxious, ready, and willing, not only to maintain, educate, and rear these children, but to adopt them as their own and make them their heirs at law. Between the respondents and these little children the closest and strongest ties of affection have grown up. These children call the respondents "father and mother." They look upon and regard the relator simply as "Mr. Filbert." They do not love him. A child is not a chattel; nor is there any such law as invests the father with an inalienable right to the custody of his child. A child is a human being. It has rights and interests of its own. How came these little children into the custody of respondents? Whose fault was it that when their mother died they found themselves not only motherless but homeless, without food, without shel-

Schroeder v. State.

ter, without clothing,—waifs among strangers? The evidence in this record points to the relator and says, "It is yours."

We desire in this case to do no more and say no more than is our duty. We desire only to be governed by the rule of law announced above, and make such order as will be for the best interests of the children; but we cannot escape the conviction that the solicitude of the relator for their custody at this time is prompted by his desire to control the property which was inherited by their deceased mother. Perhaps this is only an inference from the evidence, and unjust, but nevertheless it is our conviction. Not only does the evidence prevent us from saying and deciding that the best interests of the children will be subserved by transferring their custody to the relator, but the evidence affirmatively shows that the relator has relinquished all claims on these children by his abandonment of them. The right to the custody of an infant child which the law confers upon the father is not for the benefit of the father, but for the benefit of the child. This right of custody is conferred upon the father because the law presumes that the father will avail himself of the custody of the child for the child's benefit; but he may lose this right if he abandons the child. (*Nugent v. Powell*, 33 Pac. Rep. [Wyo.], 23; *Green v. Campbell*, 14 S. E. Rep. [W. Va.], 212; *Clark v. Bayer*, 32 O. St., 299.)

It is but just to the learned district judge who heard this case to state that he had not before him all the evidence on which this opinion is predicated, and had such evidence been before him he would doubtless have reached the same conclusion we have.

The judgment of the district court is reversed, and the *habeas corpus* proceedings dismissed.

REVERSED AND DISMISSED.

GEORGE E. BARKER, APPELLANT, v. ADOLPH C. LICHT-
ENBERGER ET AL., APPELLEES.

FILED SEPTEMBER 18, 1894. No. 5140.

1. **Negotiable Instruments: PURCHASERS AFTER MATURITY.**

When negotiable paper is purchased after maturity from an innocent holder for value before maturity, the purchaser takes it free from all equities and defenses which existed between the original parties to the paper. *Koehler v. Dodge*, 31 Neb., 328, followed.

2. ———: **BONA FIDE HOLDERS.** It seems that one who takes the negotiable paper of a third person in payment of a pre-existing debt is a holder for value.

3. ———: ———. This is certainly true where by taking the note the creditor loses or postpones his right to proceed upon the original indebtedness.

APPEAL from the district court of Douglas county.
Heard below before DOANE, J.

Cornish & Robertson, for appellant, cited: *Koehler v. Dodge*, 31 Neb., 328; *Bassett v. Avery*, 15 O. St., 299; *Simon v. Merritt*, 33 Ia., 537; *Schawacker*, 50 Ind., 592; *Kimey v. Kruse*, 28 Wis., 183; *Hogan v. Moore*, 48 Ga., 156; *Peabody v. Rees*, 18 Ia., 571; *Bank of Sonoma County v. Gove*, 63 Cal., 355.

Edward W. Simeral and *William Simeral*, contra, cited: *Davis v. Neligh*, 7 Neb., 78.

IRVINE, C.

The appellant Barker brought this action to foreclose two mortgages on the same property. One of these mortgages was made by Alvadus H. Mayne to Barker to secure certain notes. The property thereafter by *mesne* conveyances passed to Lichtenberger. The decree foreclosed this mortgage, and

Barker v. Lichtenberger.

as to that part of it there is no controversy. The other mortgage was given by Lichtenberger to Clifton E. Mayne to secure three notes made by Lichtenberger to Mayne, each dated February 7, 1888, each for \$231.50, with interest at eight per cent from date, and payable, respectively, one, two, and three years after date. The petition alleges that these notes were transferred to the plaintiff for value before maturity. The answer alleges that the notes were transferred to plaintiff by C. E. Mayne after they had become due, and then pleads a set-off against Mayne of \$440.99. The decree, after awarding foreclosure of the first mortgage, finds that prior to the maturity of any of the notes secured by the second mortgage, Clifton E. Mayne sold, transferred, and delivered said notes to one Charles Corbett and that Corbett was a *bona fide* holder for value; that thereafter, and after the maturity of the first note and prior to the maturity of the other two notes, Barker purchased all of said notes from Corbett for a valuable consideration, and without any notice of any defense which Lichtenberger had on said notes in the hands of Mayne. The decree then finds in favor of Lichtenberger on his counter-claim against Mayne, ascertains the amount due on the second and third notes, awards a foreclosure of the second mortgage to the extent of those notes, and cancels the first note.

The district court seems to have proceeded upon the theory that one who receives negotiable paper after maturity takes it subject to any set-off existing against the original holder whether or not the paper was acquired from one who was a *bona fide* holder before maturity. In support of the decree of the district court counsel cite us to the case of *Davis v. Neligh*, 7 Neb., 78, where it was held that any set-off to a promissory note which would have been good between the original parties may be pleaded against an indorsee who acquires it after maturity, that such indorsee takes it subject to any right of set-off which the

maker had against any prior holder. The court was, however, then considering a case where the paper had never been in the hands of an innocent holder for value before maturity, and the language referred to states the general rule as applicable to the facts of the case under consideration without referring to or deciding upon the rights of one who purchases after maturity from one who became a *bona fide* holder before maturity. In *Koehler v. Dodge*, 31 Neb. 328, it was said: "It has become the settled law of this country that where a negotiable note is purchased after due from an innocent holder, the purchaser takes the title of and is entitled to the same protection as his indorser." The rule so stated is in accordance with the established principles of the law merchant, and is adhered to. The district court, therefore, erred in holding that Barker, having purchased the first note after its maturity from one who was an innocent holder before maturity, could not recover because of the set-off against the payee. The uncontradicted evidence discloses that Corbett took the notes from Mayne in payment of an indebtedness from Mayne to Corbett, and that Barker took the notes from Corbett in payment of an indebtedness from Corbett to Barker. Counsel now urge that a pre-existing debt is not sufficient consideration to protect the purchaser of notes against outstanding equities. Upon this general question there has been a marked conflict in the authorities and courts have indulged in most refined distinctions. We shall not attempt a review of the numerous cases. It is sufficient to say that since the case of *Swift v. Tyson*, 16 Pet. [U. S.], 1, we think the decided tendency of the cases has been in the direction of protecting such holders against equities where their situation has been in any manner altered to their disadvantage. The necessity for greater uniformity in the law relating to negotiable instruments has become so evident that systematic efforts by the organized bar of the country have, for some years, been made towards

Haas v. Bank of Commerce.

accomplishing that object. The mere numerical preponderance of recent authorities is, therefore, entitled to great weight in considering cases relating to commercial paper. Certainly, in this case, where Corbett accepted these notes before their maturity in payment of the former holder's indebtedness, he was entitled to protection. The notes were held by him not as security merely but in payment, and at least until the notes matured his remedy against his indorser on the original indebtedness was suspended. According to any reasonable view he must be considered a holder for value.

The decree of the district court is reversed and a decree entered here similar to the former decree, but omitting that portion canceling the first note, and adding to the amount found due upon the second mortgage the amount of such first note, together with interest to May 11, 1891, the date to which interest was computed in the decree. This amount we compute to be \$291.89.

DECREE ACCORDINGLY.

41 754
44 79

41 754
48 232

41 754
49 732
50 245

41 754
158 408

41 754
160 712

41 754
61 686

ANDREW HAAS V. BANK OF COMMERCE.

FILED SEPTEMBER 18, 1894. No. 5406.

1. **Corporations: COLLATERAL ATTACK UPON LEGAL EXISTENCE.** Where the law authorizes a corporation, and there has been an attempt in good faith to organize, and corporate functions are thereafter exercised, such an organization is a corporation *de facto*, the legal existence of which cannot ordinarily be called in question collaterally.
2. ———: **PROOF OF CORPORATE EXISTENCE.** Therefore, where a bank brought an action upon a note indorsed to it and the answer denied the corporate existence of the bank, proof showing the adoption and recording of articles of incorporation, and that the bank had acted thereunder for a period of years, was sufficient to establish its corporate existence.

3. **Negotiable Instruments: COLLATERAL SECURITY: LIABILITY OF PLEDGEE.** The Bank of O. indorsed to the Bank of C. certain promissory notes as collateral security for an indebtedness incurred in favor of the Bank of C. Among these was a note of H., upon which suit was brought. H. claimed that the note had been procured from him by the Bank of O. by fraud, and the evidence tended to prove that fact. *Held*, (a) That in the action upon the note H. could not require the Bank of C. to first exhaust its other collateral; (b) That the fraud being established, the Bank of C. was only entitled to recover to the extent of the unpaid portion of the indebtedness for which the note was pledged; (c) the Bank of C. having surrendered one of the collateral notes and taken in exchange other notes, secured by mortgage, drawn to the order of itself, it was bound to account as if the original note had been paid in full.
4. **Certain rulings on the evidence examined, and held not erroneous.**

ERROR from the district court of Douglas county. Tried below before FERGUSON, J.

Bartlett, Crane & Baldrige, for plaintiff in error, cited: *Collins v. Collins*, 46 Ia., 60; *Gaston v. Austin*, 52 Ia., 35; *Wilson Sewing Machine Co. v. Bull*, 52 Ia., 554; *Sandwich Mfg. Co. v. Shiley*, 15 Neb., 109; *Galoway v. Hicks*, 26 Neb., 531; *Fitzgerald v. McCarty*, 55 Ia., 702; *Potter v. Chicago, R. I. & P. R. Co.*, 46 Ia., 399; *McKinney v. Hartman*, 4 Ia., 153; *Klosterman v. Oloott*, 27 Neb., 685; *Missouri Coal & Oil Co. v. Hannibal & St. J. R. Co.*, 35 Mo., 84.

E. J. Cornish, *contra*, cited: *Pape v. Capitol Bank of Topeka*, 20 Kan., 440; *Society Perun v. City of Cleveland*, 43 O. St., 481; *Williamson v. Kokomo Building & Loan Fund Association*, 89 Ind., 389; *Merchants Nat. Bank v. Glendon Co.*, 120 Mass., 97; *Commercial Bank of New Orleans v. Martin*, 1 La. Ann., 344; *Murphy v. Bartsch*, 23 Pac. Rep. [Idaho], 82; *Kennedy v. Rosier*, 33 N. W. Rep. [Ia.], 226; *Donnell v. Wyckoff*, 7 Atl. Rep. [N. J.], 673; *Foltz v. Hardin*, 28 N. E. Rep. [Ill.], 786; *Sioux City & P. R. Co. v. Finlayson*, 16 Neb., 578; *Republican V. R.*

Haas v. Bank of Commerce.

Co. v. Fellers, 16 Neb., 169; *Sioux City & P. R. Co. v. Brown*, 13 Neb., 317.

IRVINE, C.

The Bank of Commerce sued Andrew Haas on a note made by Haas to the order of the Bank of Omaha for \$2,500, with interest at ten per cent from April 25, 1889, and payable ninety days after date. The Bank of Commerce averred it had become owner of said note by a general indorsement thereof. Haas answered, denying the incorporation of the Bank of Commerce; admitting the execution of the note, but denying that the plaintiff was the owner thereof, and alleging that the plaintiff held the note as collateral security to a loan made by the plaintiff to the Bank of Omaha. Haas further averred that the note was given for stock in the Bank of Omaha subscribed for by Haas, upon the faith of certain representations made to him by the officers of the bank, which representations were false. It is unnecessary to state these representations. It is sufficient to say that there was evidence fairly tending to establish the facts that they were made, that they were material, that they were justifiably relied on, and that they were false. Haas also averred that the stock in the Bank of Omaha, for which the note sued on was given, was never issued to him, and that the plaintiff received the note with knowledge of the facts constituting the defense. Finally, it was alleged that the plaintiff, at the time of taking such note and at other times, took from the Bank of Omaha other securities sufficient to secure the loan to the Bank of Omaha, upon which it had realized sufficient to pay said loan, and that the Bank of Commerce retains in its possession a large amount of such securities. The defenses thus set up may be analyzed as follows: First, a plea of fraud in the inception of the note, coupled with a plea of failure of consideration; second, a plea of payment; third, an allegation that other securities held were sufficient

to pay the debt. The reply puts in issue the material averments of the answer, and alleges that the Bank of Commerce took the note before maturity and without notice of any defense thereto. There was a trial to a jury, resulting in a verdict and judgment in favor of the bank for \$3,003.29.

The first question discussed in the briefs relates to the corporate existence of the plaintiff bank. The assignments of error which directly refer to those issues relate to the admission in evidence of the articles of incorporation of the bank and the admission of certain parol testimony in regard thereto. From the argument made in the brief we are somewhat in doubt as to whether Haas is complaining of the admission of this evidence, of the legal sufficiency of the evidence, or of the failure of the court to submit the issue to the jury. Perhaps the most satisfactory method of considering the case will be to treat it as if all three questions were presented. As to the admission in evidence of the articles of incorporation, the only objection made was that the document was incompetent. The document in evidence appears to be signed by the incorporators in the presence of an attesting witness, to have been regularly acknowledged, and to bear a regular certificate of acknowledgment by a competent officer. The document also bears the certificate of the county clerk of Douglas county to the effect that it was received for record and was recorded. No specific objections appear either in the record or in the brief. We cannot perceive any reason why this document should have been excluded as incompetent, and none is suggested in argument. As to the sufficiency of the evidence of the corporate existence of the bank it may be well to declare now that where the law authorizes a corporation, and there has been an attempt in good faith to organize, and corporate functions are thereafter exercised, there exists a corporation *de facto*, the legal existence of which cannot ordinarily be

Haas v. Bank of Commerce.

called in question collaterally. It would be intolerable to permit in any civil action, to which such a body was a party, an inquiry into the legal right to exercise corporate functions—a right which it is for the state alone to question in appropriate proceedings for that purpose. On this there is a substantial unanimity in the authorities. Among other cases may be cited, *Williamson v. Kokomo Building & Loan Fund Association*, 89 Ind., 389; *Pape v. Capitol Bank*, 20 Kan., 440; *Lessee of Frost v. Frostburg Coal Co.*, 24 How. [U. S.], 278; *Society Perun v. City of Cleveland*, 43 O. St., 481. The evidence here shows that articles of incorporation were adopted, acknowledged, and filed for record in the office of the county clerk, and that the bank acted under such articles and conducted business thereunder for some years. This was sufficient evidence of a corporate existence. (*Abbott v. Omaha Smelting & Refining Co.*, 4 Neb., 416; *Merchants Nat. Bank v. Glendon Co.*, 120 Mass., 97.)

We may here advert to the assignment of error in regard to the admission of parol evidence in respect to the incorporation. The petition in error refers to the general subject of this assignment, but does not point out the particular ruling complained of. It might be dismissed for that reason. The plaintiff in error had brought out in cross-examination from one witness the fact that after the adoption of the articles of incorporation in evidence the capital stock had been increased and new articles adopted. In redirect examination the defendant in error asked whether the new articles were more than an amendment of the original articles. An answer was admitted to this question, but struck out on motion of the plaintiff in error. Several other questions were then asked, either without an answer or without an objection, and finally the witness was asked whether or not the bank acted under the articles in evidence, except that by an amendment the capital stock was changed. There was an objection to this question, which was overruled, and we here have the only exception relat-

Haas v. Bank of Commerce.

ing to the subject. The question asked related not to the contents of the articles, but to whether the bank was acting under these articles. This was a proper subject for parol evidence and the objection was properly overruled.

The court did not submit the issue we have been discussing to the jury for its determination, but the plaintiff in error took no exception to the instructions in which the court stated the issues; and furthermore, the uncontradicted evidence established a corporation *de facto* and left nothing for the determination of the jury upon the question.

What we have just said in regard to the failure of the plaintiff in error to except to that portion of the instructions stating the issues to the jury also disposes of the argument made that the court erred in stating that the reply denied the allegations of the fifth, sixth, and seventh paragraphs of the answer without stating to the jury what the allegations were in those paragraphs. The pleadings, it will be remembered, admit that the note sued on was held by the defendant in error as collateral security to a loan made to the payee of the note, the Bank of Omaha. On the trial it developed that the Bank of Omaha was indebted upon an overdraft to the Bank of Commerce in the sum of \$4,000; that several notes of third persons were held by the Bank of Commerce as a continuing collateral to any indebtedness existing; that on May 27, 1889, \$4,000 additional was lent to the Bank of Omaha and other notes transferred as additional collateral, the Bank of Omaha at that time making its note to the Bank of Commerce for \$8,000 covering both the overdraft and the new loan. The note of Haas, it would seem from the evidence, was pledged at the time of this transaction, although this point is left in some doubt, and the note in question may have been pledged theretofore. Between the 27th of May and the 6th of June certain other indebtedness, amounting to several hundred dollars, was created from the Bank of Omaha to the Bank of Commerce. On the 6th of June the Bank

Haas v. Bank of Commerce.

of Omaha failed. Mr. Johnson, who was then cashier of the Bank of Commerce, was a witness for that bank, and had testified that the note of Haas was taken without any knowledge of any defense thereto. On cross-examination this question was asked, "Isn't it a fact, Mr. Johnson, that after your bank had received this note of Andrew Haas for \$2,500 and before the Bank of Omaha failed, it came to your knowledge that this note had been given conditionally, and that it was a conditional note?" This question was objected to, as incompetent, immaterial, and improper cross-examination, and the objection was sustained. The theory of the plaintiff in error is that if it came to the knowledge of the Bank of Commerce that there was a defense to the Haas note, it could not enforce that note as against any indebtedness created after the acquisition of such knowledge, and that the question was, therefore, proper, as tending to disclose notice received before the last advances. Without inquiring as to the legal correctness of this theory we have concluded that there was no error in sustaining the objection. If the question had been asked a witness on direct examination, it would, in any view of the law, have been erroneous to permit an answer, for the reason that the question was not confined to notice acquired prior to the making of the last advances to the Bank of Omaha. Being asked on cross-examination, if admissible at all, it must have been upon the theory of the greater latitude allowed in cross-examination, and because the materiality of a question on cross-examination need not always plainly appear when the question is asked. Therefore, it is probable that if the objection had been overruled, there would have been no error. But concurrently with the rule allowing such latitude in cross-examination there runs the other rule that the extent of such a cross-examination rests largely in the discretion of the trial court. In order that a cross-examination may be effective, it cannot and should not always require the ma-

teriality of a question to be made evident, but on the other hand it is its duty to prevent the time of the court from being wasted and the attention of the jury from being misled by inquiries into immaterial facts. An affirmative answer to this question might have misled the jury by apparently charging the bank with notice at a time when notice to it was immaterial, and we do not think that the court abused its discretion in sustaining the objection.

It is difficult to treat the remaining assignments in the order in which they are presented or with any particular reference to the petition in error. The argument is general in its character and it is somewhat difficult to ascertain to what assignment in error it is directed. So far, however, as the argument calls any attention to the remaining assignments a discussion of two questions disposes of them all. The first arises from the contention of the plaintiff in error that the Bank of Commerce held other collateral, being notes of other persons, sufficient to satisfy the debt of the Bank of Omaha, and that it should be required to exhaust the other collateral before proceeding against the plaintiff in error. It is claimed that the case in this aspect is brought within the principle whereby the holder of a junior security upon a fund may compel the holder of the senior security upon that fund, who also holds other security, to exhaust such other security before proceeding against the fund which is held by both. We do not think that this doctrine of marshalling has ever been applied to any such case as that under consideration. It has been frequently decided that the doctrine referred to will never be applied except in the case of a common debtor to both creditors for the protection of the junior creditor, and then only where it may be done without injustice, and will not compel a resort to dubious securities. It is equally well established that a creditor holding two or more securities for the same debt may proceed to enforce either or all of them, and will not, as a general propo-

sition, be required to proceed in any particular order. In this case the makers of the other notes were not before the court, and for that reason alone the plaintiff in error was not entitled to the relief he sought. (*Dorr v. Shaw*, 4 Johns. Ch. [N. Y.], 17.) The makers of other notes may have had similar defenses or equal or even superior equities. But aside from this, the plaintiff in error had no right at this time or in this manner to seek such relief. There are cases where somewhat similar relief has been granted in favor of one who occupied the position of a surety, but we know of no case like the present. In *Prout v. Lomer*, 79 Ill., 331, a bill in equity charged that certain notes, the collection of which it was sought to enjoin, were given to the complainant for the accommodation of Lomer and procured by fraudulent statements made by Lomer, and that they were held by the respondents as collateral to a debt from Lomer. It was also alleged that the bank had other full and adequate security. The court said: "We are aware of no principle by which the bank can be compelled to any particular course in regard to such collateral as it may have. We fail to perceive any obligation on the bank to convert its securities or do any other act at the instance of this party, if he was a surety. In certain cases, and this is not one, a security to a negotiable note may notify the holder to proceed against the principal, on the maturity of the note. Independent of this, a surety cannot compel the holder to proceed against others before proceeding against himself, and exhaust such other remedies as he may have." The case of the *Third Nat. Bank v. Harrison*, 10 Fed. Rep., 243, was one presenting a somewhat similar state of facts. Alexander borrowed certain money from the bank and deposited certain notes of third persons as collateral security, among these a note of Harrison. It was alleged that this note was given on account of an illegal transaction. It was held that the transaction was not such as to defeat the note in the hands of a *bona fide* holder for

value, and it was further held that the fact that the principal debtor had on deposit in the bank sufficient funds to discharge the debt without recourse to the collateral, was no defense in an action on the note. If no such equity exists as against the principal debtor, certainly none can exist against the makers of other collateral notes.

The plaintiff in error on this branch of the case relies on the case of *Farwell v. Importers & Traders Nat. Bank*, 90 N. Y., 483. In that case Farwell & Co. made their note to certain brokers to be sold in the market on Farwell & Co.'s account. One Farnham, a clerk of the brokers, fraudulently pledged this note, together with a large number of others, to the bank as security for a call loan made to Farnham. When the Farwell note matured, Farwell & Co. paid it, notifying the bank that they would hold it to account for any surplus. Before Farnham's note was matured by demand the bank had collected on the collateral more than sufficient to pay it. Farwell & Co. then brought this action in equity to require a repayment to them of the surplus. The superior court granted the relief, and its judgment was affirmed by the court of appeals. This was upon the ground that the bank had no right to apply the payment received from Farwell & Co. upon Farnham's note until that note matured, that in the meantime it held the money on the same terms as it had before held the note, and that, having received from the security more than enough to satisfy the note before by demand it brought the principal note to maturity, the pledge was released as to the surplus, and the bank became liable therefor. The case would have been very different if Farwell & Co. had refused to pay their note and alleged these facts in defense. In the court of appeals the opinion says: "The defendant, as pledgee, had power to collect the notes as they respectively fell due, but the money thus collected would stand as a substitute for the notes upon which it had been received." This case, when examined, instead of supporting the con-

Haas v. Bank of Commerce.

tention of the plaintiff in error, is clearly contrary thereto. For, if Farwell & Co. were not legally liable upon the note, or if they could have compelled a resort to other securities before paying it, their payment became voluntary, and we cannot see how they would have been in a position thereafter to invoke the aid of a court of equity. We are not here deciding that Mr. Haas may not, after paying this note, in appropriate proceedings with proper parties, have some remedy as against any surplus in the hands of the Bank of Commerce. We simply hold that in a suit upon his note he cannot in defense urge the holding of other security and compel a first resort thereto.

The remaining question relates to the measure of recovery. It appears that the Bank of Commerce intrusted the collateral received from the Bank of Omaha to certain attorneys for collection; that among these collaterals was a note for \$1,000 made by one Baumeister. The bank's attorneys made an arrangement whereby this note was surrendered to Baumeister and new notes taken to the order of the Bank of Commerce signed by Baumeister and wife, and secured by a real estate mortgage. About \$400 has been paid on this indebtedness. The court instructed the jury that in determining the amount due there must be deducted from the principal indebtedness the amount of collaterals collected by the bank, less the reasonable charges for collecting the same, but that renewal notes should not be credited until paid. This instruction clearly related to the Baumeister transaction, and thereby the jury was informed that only the amount paid on the Baumeister notes should be credited. There is very respectable authority to the effect that it is no defense to a note that it had been pledged with other securities equal in amount, which securities had been by the pledgee exchanged and ultimately found worthless, unless it were also shown that the exchange caused a loss to the owner of the collateral (*Girard Fire & Marine Ins. Co. v. Marr*, 46 Pa. St., 504); but

we think that the weight of authority is to the effect that if a pledgee, without the consent of the debtor, renews or extends a note pledged as collateral, or surrenders such note and takes new security, he must account to his debtor as if he had collected it in full. (*Gage v. Punchard*, 6 Daly [N. Y.], 229; *Nexsen v. Lyell*, 5 Hill [N. Y.], 466; *Southwick v. Sax*, 9 Wend. [N. Y.], 122; *Depuy v. Clark*, 12 Ind., 427.) It is quite well settled that where a note is valid as between the original parties, the pledgee may recover the whole amount of the note, retaining any surplus as trustee for the party beneficially entitled; but where the note is invalid as between the original parties, the pledgee may recover only the amount of his advances, provided there be no other party in interest. (*Wiffen v. Roberts*, 1 Esp. [Eng.], 261; *Allaire v. Hartshorne*, 21 N. J. Law, 665; *Chicopee Bank v. Chapin*, 49 Mass., 40; *Union Nat. Bank v. Roberts*, 45 Wis., 373.) The jury should, therefore, have been directed to treat the whole of the Baumeister note as paid. According to one view of the evidence, by treating this as a payment, there would still remain due of the principal debt the whole amount of this judgment; but the evidence was inconclusive as to some portions of the indebtedness of the Bank of Omaha to the Bank of Commerce, and upon this point, as well as upon a few other items of the account, we cannot say that the jury was bound to take the view presented by the aspect of the evidence referred to. The judgment may be excessive to the amount of the unpaid renewal notes of Baumeister, which, with interest to May 11, 1891, the date to which interest was calculated in the judgment, we compute to be \$702.50. The defendant in error may remit this amount as of the date of the judgment, and if it do so within thirty days, the judgment will be affirmed for the remainder; otherwise the judgment must be reversed and a new trial awarded.

JUDGMENT ACCORDINGLY.

HENRY T. CLARKE, APPELLANT, V. CHARLES R.
KELSEY, APPELLEE.

FILED SEPTEMBER 19, 1894. No. 5638.

1. **Merger of Agreements.** All verbal negotiations or understandings of parties had prior to the execution of the written contract are merged in the written agreement.
2. **Contract of Employment: CONSTRUCTION: INDEPENDENT ENTERPRISES OF AGENT: PROFITS: ACCOUNTING: PARTNERSHIP.** The contract of employment, set out in the opinion, construed, and *held* that the employe was obliged to bestow all of his time and attention, if the same were required for the successful prosecution of the business of his employer, and that such employe was prohibited, during the term of his employment, from engaging in any enterprise or business on his own account of the same character as that of his employer, or which conflicts with the interests of the latter.
3. **Trial: ISSUES.** A cause should be tried upon the issues formed by the pleadings.
4. **An account stated** does not bar a recovery for items not within the contemplation of the parties when the settlement was made.

APPEAL from the district court of Douglas county.
Heard below before WAKELEY, J.

See opinion for statement of facts.

Charles B. Keller, for appellant:

The appellee did not have the right under the contract to engage in the several enterprises undertaken by him and appropriate to his own use the profits derived therefrom. (Wood, Master & Servant, sec. 111; *Thompson v. Havelock*, 1 Campbell [Eng.], 527; *Gardner v. McOutcheon*, 4 Bev. [Eng.], 534; 1 Am. & Eng. Ency. Law, 363; *Adams Express Co. v. Trego*, 35 Md., 64; *Gillenwaters v. Miller*, 49 Miss., 150; vol. 1, pt. 1, White & Taylor, Lead-

ing Cases in Equity, 62; 1 Wait, Actions & Defenses, sec. 12; Story, Agency, secs. 210-214.)

The independent enterprises having been carried on by the appellee for his own profit in violation of the contract, he must account. (2 Lindley, Partnership, sec. 572; *MoDonald v. Lord*, 2 Rob. [N. Y.], 11; Wood, Master & Servant, sec. 101.)

Hall, McCulloch & English, contra:

The profits made by appellee in outside matters are his own. (*Wallace v. DeYoung*, 98 Ill., 638; *Geiger v. Harris*, 19 Mich., 209.)

NORVAL, C. J.

This was an action brought by the appellant against the appellee for an accounting. The petition upon which the case was tried being brief, and a question being raised as to the sufficiency thereof as regards one item in plaintiff's account, we set out the pleading in full, as follows:

"Henry T. Clarke, plaintiff, complains of the said Charles R. Kelsey, defendant, and says on or about the — day of May, 1883, the said plaintiff employed the said defendant to go to Camp Clarke, in Cheyenne county, in this state, to take charge of the business of the said plaintiff at said point, consisting, in part, of a toll bridge across the north fork of the Platte river, which belonged to the said plaintiff, also a hotel and a stock of general merchandise which the said plaintiff for a long time had established at said point; that the said defendant undertook and agreed, in consideration of a certain salary then agreed to be paid by the said plaintiff to him therefor, to give his whole time, skill, and attention to the said business of the said plaintiff at the said point, and to receive and account to the said plaintiff for all the proceeds of said business.

"The said plaintiff also says that on or about the 1st

Clarke v. Kelsey.

day of June, 1883, the said defendant entered upon the said duties as the agent and general manager for the said plaintiff of the said business at said point and had exclusive management thereof, and so continued up to about the 1st day of March, 1885; that in the course of the said business the said defendant received large sums of money from time to time belonging to the said plaintiff, amounting, in the aggregate, as nearly as plaintiff can estimate the same, to not less than \$50,000; that in addition thereto the said defendant, while so employed and acting as agent and general manager of said plaintiff as aforesaid, bought and sold large quantities of furs, hides, and pelts, upon which large profits were derived, to-wit, not less than \$——, and also took a contract for putting up hay, from which a large profit was derived, to-wit, not less than \$2,000, and engaged in other enterprises which yielded profits; that some of the said enterprises were carried on without the knowledge of the said plaintiff at the time, and the property and means of the said plaintiff were used by the said defendant in conducting all of the said enterprises. Yet the said plaintiff says that the said defendant has failed and refuses to account fully for the amounts so received by him as such agent and general manager of said business of the said plaintiff as aforesaid; that he has received large sums of money in the course of said business which he refuses to account for and pay over to the said plaintiff, and that he refuses to render any account to the said plaintiff of his said transactions connected with his said dealings in furs, hides, and pelts, or with his said contract for putting up hay, or with any of his said enterprises which he carried on without the knowledge, at the time, of the said plaintiff, and refuses to pay over to the said plaintiff any of the proceeds of any of the said enterprises or contracts, to the damage of the said plaintiff \$3,000.

“Wherefore the said plaintiff prays that the said de-

Clarke v. Kelsey.

fendant may be required to render an account of all his said transactions while so acting as agent and general manager of the business of said plaintiff at Camp Clarke aforesaid, including all that he collected and received for tolls on said bridge, for sales of merchandise, postage stamps, etc., for receipts at the hotel, and including also the proceeds derived from his said dealings in furs, hides, and pelts, and from the said contract for putting up hay, and for all other enterprises engaged in while so employed as agent and general manager of the business of the said plaintiff as aforesaid, and that the said plaintiff may have judgment for the amount which may be found due him upon said accounting, which the said plaintiff believes and avers is not less than the sum of \$3,000."

The defendant, for answer to the above petition, admits that he was employed by plaintiff to take charge of his store and bridge, but denies that the contract was as alleged by plaintiff; denies that he agreed to give his whole time, skill, and attention to plaintiff's business; denies that the contract was made at the time stated in the petition, but avers that the same was made about April 1, 1883, and that on the 10th day of the same month he entered upon his employment. Defendant admits that while he was in the employ of the plaintiff he received moneys as agent for said plaintiff, and avers that he has duly accounted for all sums so received, and that a full and complete settlement and accounting was had between plaintiff and defendant for all moneys so received and paid, and all moneys due the defendant, and on such accounting there was found due the defendant the sum of \$469. The defendant further answering denies that he made the contracts for hay or purchased and sold furs as agent for plaintiff, but avers that he made said contracts and purchased and sold said furs for himself and on his own account, and that all profits made by virtue thereof were made with his own means, and not with funds belonging to the plaintiff. The answer

Clarke v. Kelsey.

also denies each and every allegation in the petition contained not expressly admitted. The reply is in effect a general denial of the averments in the answer. The cause was referred to Arthur C. Wakeley, Esq., to take the testimony and report the same to the court with his findings of fact and conclusions of law. On the coming in of the report of the referee, on motion of the parties, the court referred the same back to the referee for additional findings. Upon the filing of the supplemental findings, each party filed exceptions to the report of the referee, upon consideration whereof the court, over the plaintiff's exceptions, sustained those filed by the defendant, modified the referee's report, and entered a decree dismissing the action for want of equity in the bill of complaint.

It appears that for some time prior to, and since, the year 1883 the appellant Henry T. Clarke was the owner of a store-house or hotel, stables, toll bridge, and other interests at Camp Clarke, which is located about fifty miles northwest of Sidney. The appellant was a resident of the city of Omaha, and his interests at Camp Clarke, prior to April, 1883, had been under the supervision and control of one Gustin. He employed the appellee Charles R. Kelsey as such agent or manager, and on the 6th day of April, 1883, the appellant and appellee entered into the following contract:

"This agreement, made this 6th day of April, 1883, by and between Henry T. Clarke, of the first part, and Chas. R. Kelsey, of the second part, all of Omaha, Nebraska, by which said Kelsey and his wife agree to proceed to Camp Clarke, Nebraska, and take charge of all of said Clarke's interests and property at said place and perform the labor connected therewith, said Kelsey to take charge of store, bridge, and stables, etc., and Mrs. Kelsey to take charge of house, and to do for the best interest of said Clarke for the term of one year. Said Clarke to pay said Kelsey and wife the sum of six hundred dollars for the year's services,—

Clarke v. Kelsey.

that is, fifty dollars a month, payable monthly, when said services are performed,—and to furnish said parties with their living and transportation free of charge to said Kelsey and wife, time to commence when at bridge.

“H. T. CLARKE.

“CHAS. R. KELSEY.”

In pursuance of said agreement the said Kelsey and his wife proceeded from Omaha to Camp Clarke, and upon reaching that place appellee took entire charge of Mr. Clarke's business, and managed the same with considerable success for the period of two years, at the end of which time Kelsey ceased to be appellant's manager. At the end of the first year's employment Mr. Clarke increased the appellee's compensation from \$50 to \$75 per month.

At the time said contract of employment was entered into the dealing in hay, furs, and pelts was not a part of the business carried on by appellant at Camp Clarke, nor did he have the agency of the Wyoming Stage Company. Some time afterwards appellee was appointed agent for the stage company, for which services he received a salary of \$20 per month, or \$362.69. Appellee also caused to be put up a large quantity of hay and bought and sold furs and pelts, all of which he claimed were on his own account and with his own means. On the hay transactions Kelsey realized a net profit of \$1,675.76. He also realized a profit of \$200 in the purchase and sale of furs and pelts. Appellee received from the Wyoming Stage Company, for meals furnished at Clarke's Hotel, \$6.50. It is conceded that Kelsey has not accounted to appellant for any of the foregoing moneys. It is likewise undisputed that appellant furnished appellee with postage stamps and stamped envelopes to the amount of \$450.60, and that the defendant has accounted to the plaintiff therefor to the amount of \$152.05, and no more. The purpose of this action is to require the defendant to account, and pay over, to the plaintiff these several sums of money, as well as to account

Clarke v. Kelsey.

for certain moneys which the defendant had deposited in banks in his own name during the time he was in the employ of Mr. Clarke. There is no controversy as to the amount of the profits realized by the defendant in said undertakings, the only dispute being as to his liability to account to the plaintiff therefor.

The first point argued in the briefs of counsel, as well as the first question to be considered by us, is whether the appellee had the right, under the contract above set out, to engage in the several enterprises already mentioned, and to appropriate the profits derived therefrom to his own use. From a perusal of the contract it will be observed that it contains no express stipulation, nor language from which the inference must necessarily be drawn, that the appellee was to devote his entire time to the business of the plaintiff, and that he was not to engage in any enterprise or undertaking on his own account. He agreed to take the charge and control of plaintiff's interests and property at Camp Clarke and to perform the labor connected therewith. If all his time was necessary for the successful prosecution of the business, it was his duty to bestow it; otherwise not. While it is true that an agent has a perfect right to engage in an enterprise or business for his own benefit, when not in conflict with the interest of his principal, unless the business of the agency is such that it requires the agent's whole time and attention, he may not, however, engage in an enterprise on his own account of the same as that of his principal, nor will he be permitted to neglect his employer's business for his own. (*Adams Express Co. v. Trego*, 35 Md., 64.) Appellee contends, and the bill of exceptions contains evidence tending to support it, and the referee so found, that prior to the execution of the contract of employment, and for the purpose of inducing the defendant to sign the same and accept the position of manager at Camp Clarke, the plaintiff represented and stated that there would be opportunities there for the defendant to make some money

Clarke v. Kelsey.

for himself in speculations and ventures outside of plaintiff's business, and that at the same time defendant informed plaintiff that he would not accept the position, nor sign the contract for the salary stated, unless he were permitted to speculate upon his own account, where the same did not conflict with the business or interests of the plaintiff. The evidence bearing upon the question of the negotiations of the parties prior to the making of the written agreement is conflicting, but if we accept as a fact that there was a verbal understanding such as appellee claimed, it, according to the familiar and salutary rule of law, merged in the written contract. (*Hamilton v. Thrall*, 7 Neb., 210; *Dodge v. Kiene*, 28 Neb., 216.) But we do not think that the verbal understanding was any more favorable to the appellee than the written agreement. Under neither was he authorized or entitled to engage in, or carry on, any enterprise for himself which would come in conflict with the interests of Mr. Clarke which were under his charge.

We will next proceed to an examination of the different items which appellant contends the defendant should be required to account to him for. Kelsey was engaged in, or connected with, three separate and distinct hay deals, from each of which he has derived profits, and for which he has not accounted. One, the larger and the more profitable, is what is known as the "Sheidy hay contract." The facts connected therewith, briefly stated, are these: Early in August, 1884, Kelsey contracted with one Sheidy to put up for the latter a quantity of prairie hay near Camp Clarke, and during the fall of that year this contract was filled by appellee, for which he received from Sheidy \$3,141.25, and after deducting all expenses connected with the transaction, a net profit of \$1,383.76 was derived from the contract, which went into Kelsey's pocket. Kelsey was away from Camp Clarke during the putting up of this hay, and for the sole purpose of looking after the same, on two different occasions,—once for two days, and the other time the evi-

Clarke v. Kelsey.

dence leaves us in doubt as to the precise length of time he was absent from his post of duty. It also appears that appellant and appellee at the time owned jointly a number of teams of horses which they used in carrying on the business of freighting as partners. These teams were taken to the hay field, and were used in putting up the hay under consideration, no other teams being used for that purpose. On the 4th day of August, 1884, after the Sheidy contract was entered into, and work thereunder commenced, Kelsey wrote Clarke that one Hank Odenreider, a freighter and teamster, had taken Sheidy's hay contract, and that "I have let him take the horses up there for a portion of the profits, which I thought better than to let the horses remain idle." Kelsey at that time knew that this statement was untrue, and we are fully persuaded that it was written for the purpose of deceiving Mr. Clarke, so that he might not participate in the profits of the hay contract. Instead of Mr. Clarke receiving the profits derived from the use of the teams owned jointly by Clarke and Kelsey, the latter gave the former credit on the books with \$100 for their use. While the putting up of the hay was no part of the business carried on by Clarke, yet, as Kelsey devoted some time and attention, while manager for plaintiff, to the carrying out of the Sheidy contract, and as the profits derived from the transaction are traceable to the use of the teams owned by appellant and appellee jointly, and as Kelsey did not invest a dollar of his own money in the undertaking, we are constrained to hold that Clarke is entitled to share in the net profits of the venture, or receive one-half of \$1,385.76, less the \$100 credited to him on the books for the use of the teams. This is the same conclusion reached by the referee; but the trial court set aside his findings in that respect, holding, as a matter of law, that defendant should not be required to account for the profits realized from the Sheidy hay contract. As pertinent to the question we have been considering, we quote from Mr.

Lindley's valuable treatise on Partnerships [2d ed.], vol. 1, p. 62, the following: "When one co-owner of a chattel derives gain from its use, and those gains are attributable, mainly, or in part, to his own industry and exertions, justice to the other owners and to him requires either that the gains made by him shall be shared by all, they making him a proper allowance for his trouble and reimbursing him his expenses, or that he shall be allowed to keep the whole profits, paying the other owners a proper sum for the use of their property. Of these two modes of adjusting the rights of the parties, the first seems to be most in accordance with the course usually adopted in analogous cases. Notwithstanding, therefore, the little direct authority upon the point, the writer ventures to submit that as a general rule where one owner of a chattel derives gain from its use, he is, independently of any contract, bound to account to the other owners for their respective shares, he being allowed all proper charges and expenses." The appellee caused to be put up for the Wyoming Stage Company forty tons of hay, upon which he realized a net profit of \$160. He likewise had put up thirty-two and one-half tons of hay, which he sold to himself for plaintiff Clarke at \$7 per ton, upon which appellee received a profit of \$130. Neither of these two items has Kelsey accounted to Clarke for, nor do we think he is required to do so. These two transactions are not similar to the Sheidy venture, for it does not appear that in either did Kelsey devote personally his time and attention to the putting up of the hay, nor were the teams, owned by Clarke and Kelsey jointly, used for that purpose. The hay purchased by Kelsey from himself for Mr. Clarke was at the price of \$7 per ton, which at that time was the fair market value of such hay at Camp Clarke. The district court did not err in disallowing the \$160 and \$130 items mentioned above.

We will next consider the item of postage. Plaintiff furnished defendant \$455.60 in postage stamps and stamped

Clarke v. Kelsey.

envelopes while he was the manager at Camp Clarke, and Kelsey has only accounted for, and paid over, to his principal the sum of \$152.05. He claims that he wrote daily several letters in connection with plaintiff's business, and in prepaying the postage thereon he used stamps which Clarke had sent him, and further he had given away postage stamps from time to time during the entire period of his employment to the customers of his principal and for the benefit of the business. In this manner the defendant explains the shortage in the stamp account and insists that he should not be required to account therefor. This item should be rejected, for the reason that the petition contains no allegation, as a reference to the pleading will disclose, which requires the defendant to account in this action for the shortage in the postage account. The only mention of the matter is in the prayer of the petition, and this alone is insufficient to entitle the plaintiff to an accounting. As we understand the record, this was the view adopted by the trial court, and in which conclusion we concur. The only safe rule is to require litigants to try their cases upon the issues presented by the pleadings.

We now inquire whether Kelsey should account for the \$322.69, which he received from the Wyoming Stage Company as salary while he was agent for said company. The record shows that prior to the time appellee entered the employ of appellant, Mr. Clarke had been agent for this stage company, and was such agent after Kelsey left Camp Clarke, but that Mr. Clarke ceased to act as agent for the company a short time prior to Kelsey's taking charge of appellant's interests. Some three months after Kelsey arrived at Camp Clarke the stage company re-established an agency on that side of the river, and appellee was appointed agent at a salary of \$20 per month. There is no dispute as to the total amount of compensation received from the company by Kelsey, nor that he has not accounted to plaintiff for any portion of the sum so paid him. The

business of the agency was transacted in Mr. Clarke's store by Kelsey, and during business hours, and he was thereby prevented from devoting a considerable portion of his time to the management of Mr. Clarke's business. Nothing was paid Clarke as rent for the use of his store for the transaction of the business of the stage company, nor has any deduction been made from the salary Clarke was to pay Kelsey on account of the time the latter devoted to the business of the stage company. Under this state of facts it seems clear, according to the principles of equity, that defendant should account to plaintiff for the amount of the salary paid him by the stage company. He should likewise account for the \$6.50 received from the same company for the twenty-six meal tickets. These tickets were issued for meals at Clarke's Hotel. Kelsey received the money, and has never accounted for the same.

As to the \$200 profits made by the defendant by dealing in hides and furs, we do not think he should be required to account, since such transaction was entirely distinct from and outside of the plaintiff's business, nor did the same in any manner conflict, or come in competition, with Mr. Clarke's interests. Appellant had never theretofore, or since, dealt in furs and hides, while each of his managers at Camp Clarke, both prior, also subsequent, to appellee's employment, had done so on his own account, with plaintiff's knowledge. Mr. Clarke's business was benefited, instead of injured, by Kelsey's purchasing furs and pelts, and the profits arising therefrom the appellee should be permitted to retain.

There is but one other matter upon which plaintiff claims an accounting. It appears that during the two years Kelsey was acting as manager he deposited money in three different banks, in his own name, said deposits aggregating over \$30,000. Appellant insists that all, or, at least, a part of these funds so deposited belonged to him, and that appellee should account therefor. There is in the record

Clarke v. Kelsey.

no evidence upon which to base the charge that appellee had appropriated funds belonging to his employer and deposited the same in the banks to his own credit. The balance to Kelsey's credit in neither of the banks was large at any one time. Kelsey was required to, and he did, remit to plaintiff at frequent intervals the money received by him as manager, so that no large sum was in his hands at any time belonging to Mr. Clarke. No bank account was kept in plaintiff's name. The testimony on behalf of the defendant goes to show, and the referee so finds as a fact, that during the period the defendant was at Camp Clarke he frequently received from customers at the store checks of large amounts; that in such case he would give to the customer therefor his individual checks on one of the banks where he made deposits, in various amounts, together with some money for the purpose of enabling the party to make a purchase from the store; that the checks so received by defendant were deposited by him in bank to his own credit to meet the several checks so signed by him; that the defendant received money and checks upon deposit in his individual name from cowboys and others, which he also deposited in bank in his own name, and that when the person so depositing called for his money, the defendant paid him by giving his individual check. His bank accounts were kept for the purpose of handling the checks alone referred to, and it required no funds of his own to carry on the business, since the amount of the check deposited by the customer equaled, if not exceeded, the amount of his own check drawn in payment. Plaintiff has been unable to trace a dollar of his own moneys into defendant's bank account. Plaintiff has sought to establish this branch of the case solely by attempting to show that Kelsey had no means when he went to Camp Clarke, and that about the time he left he purchased an interest in a business, paying down \$2,000, and a like sum in one year thereafter. Defendant, at the time of his em-

Clarke v. Kelsey.

ployment, was engaged in the grocery business in Omaha with one Williams, and from the winding up of the firm's affairs Kelsey realized about \$1,000; and his salary for the two years amounted to \$1,500. These two sums, together with his profits realized from the fur venture and the hay deals, and his salary as agent from the stage company, amount, in the aggregate, to nearly \$4,700, so that the defendant had sufficient funds with which to make the two payments of \$2,000 each. The Kelseys were at no outlay for their living, as under the contract with Clarke he was to pay the expense thereof. The defendant has, in a satisfactory manner, explained where the money came from which he deposited in the banks in his own name. The proofs fail to show that he took the same, or any portion of it, from his employer, and plaintiff is not entitled to have the defendant account for said moneys.

We next consider the contention of the appellee that, by the settlement had between himself and the appellant at the time the former left the employ of the latter, Mr. Clarke is now precluded from maintaining an action for an accounting. It is in evidence that about March 1, 1884,—just prior to the time Kelsey left Camp Clarke,—he sold certain property to plaintiff and at the same time plaintiff settled for the same, as well as the balance due defendant for salary. The several items of debit and credit included in this settlement are shown by the cash book, and are undisputed. None of the matters for which plaintiff claims an accounting therein were included in, or mentioned at the time of, the settlement. They were not disclosed by the books kept by the defendant for the plaintiff, nor was the latter aware at the time of the settlement of any of the transactions upon which the suit is predicated. It is well settled that an account stated does not bar a recovery for items not within the contemplation of the parties when the settlement was made. (*Kennedy v. Goodman*, 14 Neb., 585; *Savage v. Aiken*, 21 Neb., 605.)

Clark v. Carey.

It follows that the plaintiff is entitled to recover from the defendant the sum of \$922.07, the same being the aggregate of the three items approved and allowed by this opinion. Plaintiff should be allowed interest on said sum at the rate of seven per cent per annum from March 11, 1885, the date of the commencement of this action. The decree is reversed and the cause remanded to the district court with instructions to render a decree in favor of the plaintiff for said sum with interest.

REVERSED AND REMANDED.

MARVIN A. CLARK V. LIZZIE J. CAREY.

FILED SEPTEMBER 19, 1894. No. 5834.

1. **Prosecution for Bastardy: VENUE.** A prosecution for bastardy may be had in the county of the complainant's actual residence and in which the child in question is liable to become a public charge, notwithstanding the complainant may have a legal settlement in another county or state.
2. **Continuance: RULING ON MOTIONS: REVIEW.** Motions for continuance are addressed to the discretion of the trial court, and its orders in the allowing or refusing thereof will not be disturbed unless there appears to have been a clear abuse of discretion.
3. **Bastardy: JUDGMENT FOR SUPPORT AND EDUCATION OF CHILD.** It is not error in a prosecution for bastardy to order the accused, on conviction, to pay to the complainant a specific amount of money for the support and education of the illegitimate child.
4. **——: ——: DISCRETION OF COURT IN FIXING AMOUNT: REVIEW.** Some discretion is allowed the trial court in fixing the amount in which the accused, upon conviction for bastardy, shall stand charged, and a judgment in such case will not on appeal be held to be excessive in the absence of a manifest abuse of discretion.

41	780
47	884
48	32
41	780
54	406
41	780
62	221
63	427a

Clark v. Carey.

5. **Assignments of Error in Petition.** Errors of law, to be available in this court to the complaining party, must be specifically assigned in the petition in error.

ERROR from the district court of Douglas county. Tried below before DAVIS, J.

The facts are stated in the opinion.

Schomp & Corson, for plaintiff in error:

The justice of the peace had no jurisdiction to issue the warrant of arrest, and bind the defendant over to the district court. The proceedings before the justice were void. The complainant was not a resident of Douglas county. (Constitution of Nebraska, sec. 18, art. 6; Criminal Code, sec. 260; Code of Civil Procedure, secs. 904, 1103; Compiled Statutes, ch. 37, ch. 67, sec. 15; *Ingram v. State*, 24 Neb., 37; *Cottrell v. State*, 9 Neb., 125; *Forbes v. Forbes*, Kay [Eng.], 341; *White v. Tennant*, 12 Am. St. Rep. [W. Va.], 896; *Long v. Ryan*, 30 Gratt. [Va.], 718; *Charter Oak Bank v. Reed*, 45 Conn., 391.)

A minor cannot obtain a residence or domicile of her own. The complainant could not change her residence from the residence of her father in Thurston county, where it had been for seven years. (*Hiestand v. Kuns*, 46 Am. Dec. [Ind.], 481; *Warren v. Hofer*, 13 Ind., 169; *Allen v. Thomason*, 54 Am. Dec. [Tenn.], 56; *Blumenthal v. Tannenholz*, 31 N. J. Eq., 194; *De Jarnet v. Harper*, 45 Mo. App., 415; *Sharpe v. Crispin*, 1 L. R., P. & D. Div. [Eng.], 611.)

The court erred in overruling the motion for a continuance. (*Miller v. State*, 29 Neb., 437; *Gandy v. State*, 27 Neb., 707; *Johnson v. Dinsmore*, 11 Neb., 394, 395; *Singer Mfg. Co. v. McAllister*, 22 Neb., 359; *Ingalls v. Noble*, 14 Neb., 273; *Burrell v. State*, 25 Neb., 581; *Stevenson v. Sherwood*, 22 Ill., 238.)

Clark v. Carey.

The judgment is void, because it orders the money paid to a minor. (*Kleffel v. Bullock*, 8 Neb., 343.)

Chas. Offutt and Charles S. Lobingier, contra:

The justice of the peace before whom the complaint was made had jurisdiction of the subject-matter, and of the person of the plaintiff in error. (Consolidated Statutes, secs. 1977, 1979, 1984.) The statute is explicit on this point, and *Ingram v. State*, 24 Neb., 37, does not support plaintiff in error's contention, though the writer of the opinion in that case inadvertently used the word "county" instead of "state." But even conceding that the Douglas county justice of the peace had no jurisdiction, plaintiff in error waived that objection by making four motions for continuances, appearing and cross-examining witnesses, and otherwise invoking the powers of the court, than on the single question of jurisdiction. (*Porter v. Chicago & N. W. R. Co.*, 1 Neb., 14; *Cropsey v. Wiggenghorn*, 3 Neb., 108; *Crowell v. Galloway*, 3 Neb., 215.)

Even if complainant had been required to have been a resident of Douglas county, she fulfilled that requirement, since the testimony shows that her intention as to change of residence was fully within the rule of *Swaney v. Hutchins*, 13 Neb., 268. In plaintiff in error's argument on this point he confuses "residence" with "domicile;" the former is much the more temporary in its character. (*Muyor v. Genet*, 4 Hun [N. Y.], 487; *Foster v. Hall*, 4 Humph. [Tenn.], 346; *Long v. Ryan*, 30 Gratt. [Va.], 718; *In re Wrigley*, 8 Wend. [N. Y.], 140; *Briggs v. Inhabitants of Rochester*, 16 Gray [Mass.], 337; *Warren v. Thomaston*, 43 Me., 406; *Alston v. Newcomer*, 42 Miss., 187; *Risewick v. Davis*, 19 Md., 82; *Frost v. Brisbin*, 19 Wend. [N. Y.], 11; 5 Am. & Eng. Ency. Law, 858.)

Rulings on motions for continuances are discretionary with the trial court. (*McDonald v. McAllister*, 32 Neb., 517; *Singer Mfg. Co. v. McAllister*, 22 Neb., 359; *Ingalls*

Clark v. Carey.

v. Noble, 14 Neb., 273; *Burrell v. State*, 25 Neb., 581.) Plaintiff in error had already been allowed three continuances, and it was no abuse of discretion to deny the fourth. The rule that counter-affidavits should not be considered on a motion for continuance applies only to criminal cases and to matters which it is alleged will be proved by an absent witness. (*Williams v. State*, 6 Neb., 334.) It is well settled that the bastardy action is a civil one. (*Ingram v. State*, 24 Neb., 35.)

The statute (Con. Stats., sec. 1982) authorizes a judgment "in such a sum or sums as the court may order or direct," and the authorities give the trial court a wide discretion in fixing the amount. (*Jerdee v. State*, 36 Wis., 170; *County of Mills v. Hamaker*, 11 Ia., 209; *Goodwine v. State*, 31 N. E. Rep. [Ind.], 554; *State v. Zeitler*, 35 Minn., 238.) The action is designed not simply "to preserve harmless the county," but also for the protection and benefit of the mother. (*Hoffman v. State*, 17 Wis., 615; *Baker v. State*, 65 Wis., 50.) So, lying-in expenses are proper items of allowance (*Judson v. Blanchard*, 4 Conn., 566), even where the child dies early and the public has incurred no expense. (*Jerdee v. State*, 36 Wis., 170; *State v. Zeitler*, 35 Minn., 238; *State v. Eichmiller*, 35 Minn., 240.)

A judgment is not defective because rendered "in favor of a minor" (*Smith v. Redus*, 9 Ala., 99); and even if it were, the point was not raised either in the motion for a new trial or petition in error. The same is true of the objection that plaintiff in error was not required to renew his bonds. Moreover, this fact does not appear from the record, and it will be presumed that the proceedings were regular. (*Deroin v. Jennings*, 4 Neb., 100; *Buchanan v. Mallalieu*, 25 Neb., 201; *Becker v. Simonds*, 33 Neb., 685; *Garneau Cracker Co. v. Palmer*, 28 Neb., 307; *Hastings School District v. Caldwell*, 16 Neb., 68.) Even if there had been a failure to make such renewal, it would have been, at most, an irregularity, not only without prejudice to the plaintiff in

error, but actually to his advantage, and hence not ground for reversal. (*Dillon v. Russell*, 5 Neb., 484; *Pollard v. Turner*, 22 Neb., 366; *Western Horse & Cattle Ins. Co. v. Putnam*, 20 Neb., 331; *Hutchinson v. State*, 19 Neb., 262; *Village of Ponca v. Crawford*, 18 Neb., 557; *Deitrichs v. Lincoln & N. W. R. Co.*, 13 Neb., 361; *Gibson v. Sullivan*, 18 Neb., 558; *Chamberlain v. Brown*, 25 Neb., 434.)

Post, J.

This was a bastardy proceeding in the district court for Douglas county, in which the plaintiff in error was adjudged guilty, and which judgment he has brought into this court for review by petition in error.

The first error alleged is the overruling of his motion to dismiss for want of jurisdiction. The complainant, a minor seventeen years of age, resided in Thurston county with her parents at the time the child in question was begotten. About three weeks previous to the filing of the complaint she left her home without the knowledge or consent of her parents, and went to the city of Omaha, in Douglas county. On the 20th day of November, 1891, she lodged a complaint with John S. Morrison, a justice of the peace for Douglas county, upon which the plaintiff in error was arrested. On the 24th day of the same month a hearing was had before said justice, which resulted in an order requiring the accused to give bond for his appearance at the next term of the district court. Soon thereafter the complainant was taken by her father to his home in Thurston county, where she remained until January 14, 1892. On the day last named she returned to Omaha and took up her abode at the institution mentioned as the "Open Door," where she remained until the trial, on the 27th day of June following, and where her child was born on the 11th day of March. Her expenses at the "Open Door" were paid by her father; but on cross-examination she was asked, "Where do you

expect to go when the trial is over?" to which she answered, "I do not know where I shall go."

Upon this record it is contended that she was not a resident of Douglas county within the meaning of chapter 37, Compiled Statutes, entitled "Illegitimate Children," wherefore the action of the justice of the peace of said county was without jurisdiction and void. In that view we cannot concur. By section 1 of the chapter above named it is provided: "That on complaint made to any justice of the peace in this state by any unmarried woman resident therein, who shall hereafter be delivered of a bastard child, or being pregnant with a child which, if born alive, may be a bastard, accusing * * * any person of being the father of such child, the justice shall * * * issue his warrant, directed to the sheriff, coroner, or constable of any county of this state, commanding him forthwith to bring such accused person before said justice," etc. It will be observed that the jurisdiction thus conferred is not by any express provision restricted to justices of the peace for the county where the complainant resides, although it was intimated in *Ingram v. State*, 24 Neb., 37, that such limitation is to be implied from the language of the act. It has been frequently said by this court that this proceeding is in the nature of a civil action. By that is meant that many of the rules applicable to actions under the Code will be applied in prosecutions for bastardy. However, strictly speaking, it is a proceeding *sui generis*; that is, neither a civil action nor a criminal prosecution, within the statutory meaning of the terms. (*State v. Mushied*, 12 Wis., 561; *State v. Jager*, 19 Wis., 235; *Baker v. State*, 65 Wis., 50.) One of the principal objects of the proceeding is to secure the public against liability for the support of a child which is, or is liable to become, a public charge. It is clear that the term "resident" or "residence," as applied to the complainant, is not used in the sense in which it is employed in the Civil Code, but applies as well to the county in which

Clark v. Carey.

the mother of the child may actually reside, and which is liable to be charged with its support, although she may in fact have a home in another county or state; and while it is not doubted that this proceeding may be prosecuted in the county where the mother has a legal settlement, it may also be brought and prosecuted to judgment in the county of her actual residence.

2. It is next argued that the court erred in overruling the motion of the accused for a continuance. The case was noticed for trial at the May, 1891, term, being the second term of the district court at which it stood for trial. On the 14th day of May it was set for trial on the 25th day of the same month. On the last named day the accused asked for a continuance on account of the absence of material witnesses, which was granted, and the cause continued until June 14th, on which day it was again continued on his motion until the 27th day of June; the ground of the last continuance being his own illness. On the day last named counsel for the accused moved for a further continuance on the ground that he was unable to attend on account of sickness, and that his presence and direction during the trial was necessary to a successful defense, which motion was overruled and the trial proceeded over their objection. In the last motion no mention was made of absent witnesses, and, according to his admission on a previous day, he had failed to secure the evidence named in his first application for continuance; nor was there any showing that the accused was a necessary witness in his own behalf. It is the settled rule in this state that applications for a continuance are addressed to the discretion of the trial court, and its action in respect thereto will not be disturbed in the absence of a clear abuse of discretion. It cannot in this instance be said that the court erred in denying the application. The facts disclosed by the record tend to cast suspicion upon the good faith of the accused and his sincerity in seeking a further continuance of the cause. Again, on the

hearing of the motion for a new trial affidavits were introduced tending to prove that he was not confined to his room on the day of the trial, as claimed by him, but was seen riding on horseback in apparent good health. The question of his ability to attend and participate in his defense was thus submitted to the district court and evidently resolved against him, a finding which we are not at liberty to disturb.

3. It is contended that the court erred in adjudging the accused to stand charged with the support of the child in a specified sum, to-wit, \$2,112, payable to the complainant in installments of \$12 on the first day of each month. It is argued in support of this assignment that the object of this proceeding is simply to keep harmless the county upon which the illegitimate child may become a charge; but our statute will not admit of such a construction. The language of section 6 of the act under consideration is "That in case the jury find the defendant guilty, or such accused person, before the trial, shall confess in court that the accusation is true, he shall be judged the reputed father of said child, and shall stand charged with the maintenance thereof in such a sum or sums as the court shall direct, * * * and the court shall require the reputed father to give security to perform the aforesaid order," etc.

4. It is argued also that the judgment is excessive, and therefore erroneous. The construction uniformly given to similar statutes is, that the trial court, in fixing the amount in which the accused shall be charged, may take into consideration such facts as the health of the child and mother, the ability of the latter to care for the child, and the physical and financial ability of the accused; and in no reported case has a judgment been reversed on account of the amount of the judgment unless there appeared to be an abuse of discretion. (See *Mills County v. Hamaker*, 11 Ia., 209; *Jerde v. State*, 30 Wis., 170; *Goodwine v. State*, 31 N. E. Rep. [Ind.], 554; *State v. Zeitler*, 35 Minn., 238.)

Clark v. Carey.

As said in the last named case, no evidence seems to have been introduced bearing especially upon the subject of the amount of the judgment. We must presume the court acted according to its best information, from the facts proved at the trial and from all the circumstances surrounding the case. There being no apparent abuse of discretion, the amount fixed by the trial court is presumed to be reasonable and to present no ground for interference by us.

5. The judgment is assailed in the brief of counsel for the plaintiff in error on the ground that it directs payment to a minor. That is, in effect, an objection to the judgment on the ground that the plaintiff has not the legal capacity to sue, which in actions under the Code must be by demurrer or special plea in the nature of a plea in abatement. (Chitty, Pleading, 448, and note; *National Life Ins. Co. v. Robinson*, 8 Neb., 452.) It is not necessary to determine in this connection whether the strict rule of the Code is applicable to this proceeding. It is a sufficient answer to the present objection that it was not made in the trial court, nor even in the petition in error, but is presented for the first time in the argument of counsel. The objection is therefore without merit.

6. Exception was taken to the refusal of several instructions bearing upon the question of the complainant's residence. While some of them correctly state the law, they were refused, evidently on the ground that the prosecution was rightly commenced in Douglas county. As already stated, we concur in that view.

There is no error in the record and the judgment is

AFFIRMED.

FRANK CARRUTH V. EVA L. HARRIS ET AL.

41 789
46 708

FILED SEPTEMBER 19, 1894. No. 5698.

1. **False Representations in Sale of Stock: VALUE: INQUIRY: INSTRUCTIONS.** The action of the district judge, in refusing to give an instruction requested by plaintiff in error, examined, and *held* not erroneous.
2. **Instructions.** Where an instruction is requested in which it is attempted to include all the issues under the pleadings and evidence in the case, but it omits one of such material elements, it is not error to refuse to give the instruction.
3. **False Representations: SALE: DAMAGES.** False statements in regard to the affairs of a corporation, by one of its officers who possesses full knowledge of its condition, made for the purpose of inducing parties to purchase of him shares of stock of the corporation owned by him, who purchased the stock relying on such statements, having no knowledge of the truth or falsity of the statements and no full means of ascertaining the facts constituting such knowledge, are sufficient to raise a cause of action, in favor of the purchaser, for damages.
4. **Damages for False Representations.** The evidence *held* sufficient to sustain the verdict.

ERROR from the district court of Cass county. Tried below before CHAPMAN, J.

The facts are stated in the opinion.

Byron Clark, for plaintiff in error:

The alleged representations were not intended for or made to Mrs. Harris. She cannot, therefore, recover. (*Bigelow*, *Fraud*, 545; *Long v. West*, 31 Kan., 298.)

All of the representations testified to by Mrs. Harris were promissory in their nature, and in law are not sufficient to base an action upon for fraud and deceit. The statements involved mere questions of opinion, both as to present value and future increase. (*Perkins v. Lougee*, 6

Carruth v. Harris.

Neb., 220; *Markell v. Moudy*, 11 Neb., 214; *Abbott v. Abbott*, 18 Neb., 505; *Columbia Electric Co. v. Dixon*, 49 N. W. Rep. [Minn.], 244.)

The purchaser by ordinary care and prudence could have been protected by making inquiry, and it was his duty to do so. (*Mamlock v. Fairbanks*, 1 N. W. Rep. [Wis.], 167; *Etna Ins. Co. v. Reed*, 33 O. St., 283; *Hanscom v. Drulard*, 21 Pac. Rep. [Cal.], 736; *Deming v. Darling*, 20 N. E. Rep. [Mass.], 107; *Poland v. Brownell*, 41 Am. Rep. [Mass.], 215; *Graffenstein v. Epstein*, 33 Am. Rep. [Kan.], 173.)

Carruth's knowledge of the falsity of the representations claimed to have been made by him was not proved. Knowledge was a necessary element. (*Holmes v. Clark*, 10 Ia., 423; *Avery v. Chapman*, 62 Ia., 145; *Allison v. Jack*, 76 Ia., 205.)

Matthew Gering and Beeson & Root, contra:

The second instruction asked by plaintiff in error was properly refused. (*City of Plattsmouth v. Boeck*, 32 Neb., 297; *Runge v. Brown*, 23 Neb., 826.)

Carruth's statements and those of his agent concerning the financial condition of the corporations amounted to a fraud. (*Redding v. Wright*, 51 N. W. Rep. [Minn.], 1056; *Adamson v. Jarvis*, 12 Moore [Eng.], 241.)

Carruth cannot be heard to say that defendants in error should not have relied on what he told them. (*Runge v. Brown*, 23 Neb., 817.)

After judgment it is immaterial that Carruth's *scienter* was not proved. (*Adamson v. Jarvis*, 12 Moore [Eng.], 241.)

Under the facts found by the jury the plaintiff in error would be charged with knowledge and fraud. (*Lobdell v. Baker*, 35 Am. Dec. [Mass.], 358; *Munroe v. Pritchett*, 50 Am. Dec. [Ala.], 203; *Mitchell v. Zimmerman*, 51 Am. Dec. [Tex.], 717; *Frenzel v. Miller*, 10 Am. Rep. [Ind.], 62.)

HARRISON, J.

This is an action instituted by the defendants in error in the district court of Cass county to recover damages for alleged false and fraudulent representations stated to have been made by plaintiff in error to induce defendants in error to purchase certain shares of stock in a street railway company and an electric lamp company. The petition filed in the district court states, in substance, that Frank Carruth, on August 27, 1889, was the owner of five shares of the stock of the Plattsmouth Street Railway Company, and also five shares of the stock of the Opperman Electric Lamp Manufacturing Company, and was a director of each of the companies and president of the street railway company, and knew the financial condition of each company and the value of the stock. Eva L. Harris and Frank Harris were husband and wife and owned and lived upon a tract of land in Cass county, the title to which was of record in the name of the wife. On the date before mentioned they executed and delivered to Carruth a promissory note in the sum of \$1,000, conditioned for payment September 1, 1892, with interest at ten per cent per annum from date until paid, and to secure the payment of the note executed and delivered to Carruth a mortgage covering said tract of land; that at the time of the execution and delivery of the note and mortgage they had no knowledge of the financial condition of the companies, or the actual or market value of the shares of stock, and in making the purchase of the stock relied wholly upon the statements and representations of Carruth, who stated and represented to them, in order to induce them to purchase the shares of stock then owned by him, that the companies were solvent and in good condition and the shares of stock worth their par or face value, when it was known to him that the companies were then insolvent and the stock valueless; that he further stated or promised that he would do all in his

power to obtain employment for Harris on the street railway, and to place Harris or Mrs. Harris in the position which he then occupied as an officer of the companies, which promises were not kept or performed, and which statements, in reference to the condition of the companies and the value of the shares of stock, were untrue and known by Carruth at the time he made them to be false, and were without the knowledge of Mr. or Mrs. Harris and could not be and were not known to them; that the note and mortgage had been sold and transferred before maturity by Carruth to one C. B. Hungerford. The petition contained a further allegation that the shares of stock were never transferred or delivered to Mrs. Harris, and ended with a prayer for damages in the sum of \$1,200. The answer of Carruth to the petition admitted the existence of the companies or corporations, the ownership by Carruth of the shares of stock as stated in the petition, his connection with the companies as director of both and president of one, and the sale of the shares of stock to Harris and the execution and delivery of the note and mortgage to him as a consideration for such sale and the transfer of the note and mortgage to Hungerford, and denied, either generally or specifically, each and every other allegation of the petition, and contained some affirmative allegations which it will not be necessary to further notice, as they will not enter actively into the consideration of the case as elements or facts affecting the point raised for decision. The reply was, in effect, a denial of any new matter contained in the answer. There was a trial of the issues before the court and a jury, and a verdict against Carruth for \$500. A motion for a new trial filed by Carruth was overruled and judgment rendered on the verdict, and the case was removed to this court by petition in error on behalf of Carruth.

One alleged error which is insisted upon in the brief filed by counsel for plaintiff in error is that the following instruction, numbered 2, was requested to be given in behalf

Carruth v. Harris.

of Carruth and refused, viz.: "If the jury believe from the evidence that the plaintiff Eva L. Harris, by herself or agent, had any opportunity to ascertain or know the financial condition of the Plattsmouth Street Railway Company or the Opperman Electric Lamp Manufacturing Company, and by the exercise of reasonable and ordinary care and diligence could have informed themselves of the true value of the stock of each of said companies, and that such failure was without fault on the part of the defendant, your verdict should be for the defendant." It is contended that the proposition contained in this instruction, by which the jury were to be informed that it was the duty of Mr. and Mrs. Harris to exercise ordinary care and diligence to become acquainted with the truth in regard to the condition of the companies and the value of the shares of stock, regardless of any statement of Carruth, and if they failed so to do it would bar any recovery on their part in this action, was correct and one upon which the jury should have been instructed. There were instructions given to the jury by the court on its own motion which contained some reference to the point to which it was sought to call their attention by the instruction requested, but not calling their attention to this portion of the issues as directly and specifically as did the one prepared by counsel and now under consideration, or as they should have done if an instruction on this point was proper or necessary; but whatever view we might take or conclusion we might reach as to the correctness of the instruction asked in its statement of the law, or the propriety or necessity for its being given, it attempted to state under what findings as to facts developed in the evidence adduced during the trial the jury would be warranted in returning a verdict for Carruth, and in so doing entirely ignored one material branch of the issues in the case, viz., it did not require them to make any investigation of, or reach any conclusion upon, the question of whether Carruth had ever transferred

Carruth v. Harris.

or delivered the shares of stock to Mr. and Mrs. Harris. Before the jury could find for Carruth, they must have been convinced that such transfer and delivery had been effected. The instruction was defective, in that it omitted one of the essential elements of the case, and there was no error in the refusal to give it. (*City of Plattsmouth v. Boeck*, 32 Neb., 297.)

The only other question raised and argued in the brief is that there was not sufficient evidence to sustain the verdict. The argument made under this assignment is mainly directed to the proposition that there were no such representations made by Carruth, even conceding that he made them and they were untrue, and he knew them to be, so as would render him liable for damages, if any, suffered by plaintiffs; that anything he may have said was a mere expression of opinion, or referred to matters regarding the present value of the stock or the future prospects of the companies and the value of the stock in the future; but an examination of the evidence convinces us that he made statements during the course of the transaction of the sale of the stock to the plaintiffs and to induce them to make the trade, and which were relied upon by them, in which he represented that the financial condition of the companies was then good; that they were solvent and were being well managed; that these things were untrue, and that he knew they were, as the evidence discloses that he knew the condition of the companies at the time of the sale of the stock to the plaintiffs, and as an officer of the companies possessed superior means and facilities for obtaining such information to those within the power or reach of the plaintiffs. While some portions of the testimony in regard to the above matters is somewhat indefinite and in some particulars not entirely satisfactory, yet we believe it to be sufficient to support the verdict of the jury, hence we will not disturb it. It follows that the judgment is

AFFIRMED.

RICHARD HOGEBOOM, APPELLANT, V. ELIZABETH ROBERTSON ET AL., APPELLEES.

FILED SEPTEMBER 19, 1894. No. 5711.

Sufficiency of Evidence to Support a Finding that a Child's Title to Land Was Not Held in Trust for Her Father: ESTOPPEL. The evidence in the case examined, and held sufficient to sustain the findings and judgment of the court below.

APPEAL from the district court of Douglas county.
Heard below before IRVINE, J.

A. S. Churchill and George A. Magney, for appellant.

Gregory, Day & Day, contra.

HARRISON, J.

On the 20th day of February, A. D. 1890, the plaintiff and appellant herein filed in the district court of Douglas county the following petition:

"The plaintiff presents this his petition against the defendants and shows to this court: That on or about the 1st day of June, 1857, the plaintiff purchased from one Louis Waldo, the pre-emptor, patentee, and owner thereof, the northeast quarter of the northeast quarter of section 5, township 15, range 13 east of the 6th principal meridian, the same being situate in the county of Douglas and state of Nebraska; that solely as a matter of convenience the plaintiff procured the title of said land to be placed in the name of his daughter, Harriette Hogeboom; that said Harriette Hogeboom afterwards intermarried with one Theodore Robertson, and afterwards, to-wit, in the year 1875, departed this life, leaving her surviving the above named defendants as her children and sole heirs at law; that the said Harriette Hogeboom never paid any consid-

Hogeboom v. Robertson.

eration whatever for the said premises, and during their lifetime neither she nor her husband ever assumed, exercised, or claimed any ownership, title, interest, or right in or to said premises, but always claimed and admitted that the plaintiff was the rightful owner of the same; that the entire consideration therefor was paid by this plaintiff, and no part thereof in any way was paid or advanced by the said Harriette Robertson, or any person on her behalf; that since the death of the said Harriette Robertson, born Hogeboom, her children and heirs at law have not, nor has either of them, assumed or exercised any ownership whatever over said land or any part thereof; that during the sixteen years after the purchase, and before the death of the said Harriette Robertson, born Hogeboom, and during the fifteen years since her death, as aforesaid, and ever since the purchase of said property, the plaintiff has had open, notorious, peaceable, undisputed, actual, and continuous possession of the said premises, and has exercised acts of ownership over the same, and has paid the taxes thereon, except that in the year 1871 the county treasurer of Douglas county sold to Wilson Reynolds said premises for the unpaid taxes, as alleged, of 18—, and the said Wilson Reynolds thereafter, to-wit, on the 14th day of November, 1883, quitclaimed said premises to the defendants; but the plaintiff claims and avers that the said deed of said county treasurer was utterly void, worthless, and of no effect, and conveyed no title whatever to said premises and gave said Reynolds no title whatever which would be the subject of conveyance.

“Wherefore the plaintiff asks for a decree of this court whereby it may be ascertained that the said defendants hold the legal title to the said property in trust for this plaintiff, and the said defendants in and by said decree may be ordered and required to convey said premises, or such portion thereof as the court shall direct, to the plaintiff by a proper deed, or that in default the sheriff be required to

make such conveyance, or that the decree stand therefor, or for such other or further order or decree, or both, as to this court shall seem meet and as good conscience and equity may require."

To which the defendants filed an answer, in which they admitted the entry of the land described in the petition by Louis Waldo and its conveyance afterwards to Harriette Hogeboom, her marriage with Theodore Robertson, the death of their father and mother, Theodore and Harriette Robertson, during the year 1875, and the fact of the defendants being the children and heirs at law. The further matters of defense are stated as follows:

"But these defendants most expressly deny that this plaintiff was the real owner of said premises, or that it was so admitted or acknowledged at any time by their said mother, the deceased, or that she held the title in trust for plaintiff, or that plaintiff had any right, interest, or claim in or to said premises, or that plaintiff had been in peaceable and uninterrupted possession of the same, in his own right or for himself, at any time within the last ten years, or at any other time.

"3. But defendants allege the fact to be that shortly after the death of their said mother, Harriette Robertson, as aforesaid, to-wit, in 1879, the plaintiff caused himself to be appointed guardian of these defendants by the county court of Sarpy county, Nebraska, and by virtue of such guardianship and under the powers so conferred the said plaintiff, for and in behalf of these defendants as his said wards, entered into possession of said premises as for and as the property of these defendants, and in no other way, manner, or right whatever; and these defendants therefore say that their possession has been open, exclusive, and adverse to any and all claim of plaintiff, as set forth in his petition, for more than ten years prior to the instituting of this cause of action, and that any and all right has been long since barred by the statute of limitations.

"4. These defendants confess that they are not at this time advised as to who furnished the means for the purchase of the aforesaid lands from said Waldo; but defendants say that if it is in any way made to appear that the money was furnished by plaintiff, which for the purpose of putting him, the plaintiff, upon full proof, is hereby expressly denied. The same was so furnished and paid as a gift and advancement to their said mother, and that said gift and advancement, if so made, has been at divers times and was ratified and confirmed unto said Harriette Robertson and to these defendants.

"5. And for other and further answer the defendants say that plaintiff ought not to be permitted to further prosecute this action, in this: The said plaintiff, while acting for these defendants as their guardian, has, at sundry times and divers ways, represented the property to be the property of these defendants, both in court and under oath, and by virtue of which he, the said plaintiff, has obtained both order and decree of court; and more especially the said plaintiff, as guardian aforesaid, did present his petition to this court upon the 30th day of June, 1883, stating, under oath, that the land in question was the property of these defendants, that they were minors, and that it was for their interest that the same be sold; that permission was given plaintiff, as guardian, to mortgage said lands for the benefit of his said wards, these defendants, in the sum of \$1,000; and that afterwards, to-wit, in October of said year, he, the plaintiff, as such guardian, caused the same to be mortgaged as the property of these defendants for the sum of \$1,000, whereby the plaintiff is wholly estopped from asserting any right or interest in and to said lands.

"6. And for other and further matters of defense these defendants allege that the said lands, for all the years since the death of their said mother up to the present time, were under improvements, susceptible of yielding large rents and

profits, and was so rented by the plaintiff as guardian of these defendants, the exact amount of which these defendants are not able to state, but the said rents, issues, and profits so obtained by plaintiff were more than sufficient to meet the expenses, burdens, and taxations imposed upon said estate, and for which plaintiff has in no manner accounted to these defendants.

"7. But notwithstanding all and singular the matters afore-said the said plaintiff did cause these lands, under and by order and license obtained from this court, and by virtue of his powers as guardian of these defendants, to be mortgaged, in fact or in pretense, to one Jane Pritchard for the sum of \$1,000, which said mortgage was executed as of the date of October 20, 1883; and as to whether the said plaintiff obtained any money for the said pretended mortgage these defendants are not able to state, but most positively allege that plaintiff in no manner ever accounted for same, or in any manner used it for the benefit of these defendants.

"8. That afterwards, to-wit, the year 1886, the said Jane Pritchard brought her action to foreclose said mortgage in this court, and did obtain decree of foreclosure and an order for sale of the lands in question to satisfy said mortgage claim; and defendants charge the fact to be that the plaintiff, all the time holding the moneys of these defendants, caused and permitted the said lands to go to sale, and, as these defendants charge, for the purpose of obtaining possession of the same in his own right, he, the said plaintiff, entered into collusion with one Egbert E. French and induced and caused the said French to become the purchaser of the west one-fourth of said premises at said foreclosure sale, bidding and ostensibly paying therefor the sum of \$3,000, and thereupon the sheriff caused a deed to be made to the said Egbert E. French for the west one-fourth of said land; and defendants say that though the title is still in the name of the said Egbert E. French, the said plaintiff asserts ownership and control of the same,

Hogeboom v. Robertson.

and these defendants charge the facts to be that while the said French was the nominal purchaser, the same was done for, and in collusion with, and at the instigation of, plaintiff, and for the purpose of enabling plaintiff to acquire an interest in and to the same adverse to these defendants in and to the west one-fourth of said premises, and the said plaintiff is now asserting ownership thereto by reason thereof; but defendants charge that the said sale is fraudulent and void as to these defendants by reason of the facts aforesaid.

"9. And defendants allege that as a part of and carrying out the scheme, as aforesaid, the said French, at the instance of the plaintiff, caused to be paid into the clerk of this court the sum of \$3,000, the price of which the west one-fourth of the land in controversy was sold, and, after satisfying the amount for which the said mortgage sale ordered and all costs, there remained the sum of \$1,771.51, which the said plaintiff receipted for and obtained from the clerk of said court under and by virtue of his guardianship of these defendants, and defendants say that the moneys so received by this plaintiff from the estate of these defendants, and for which he has in no manner accounted for, exceeds the sum of \$3,500.

"Wherefore the defendants pray that this answer may be treated, allowed, and considered as also a cross-bill of these defendants; that they have leave to make the said Egbert E. French a party hereto, and that he be required to answer to all the things and matters herein alleged against him; that the said deed of the west one-fourth of N. E. of N. E. of section 5, township 15, range 13, so made by the sheriff of Douglas county to the said French be held for naught, and that the title and right of these defendants be confirmed to the whole of said forty acres as aforesaid; but in the event the court shall find the said French to be a good-faith purchaser of said west one-fourth of said land, then defendants pray that the said plaintiff

may be required to account for all and singular the moneys obtained by mortgage and sale of the said land aforesaid, as well as all rents, issues, and profits arising therefrom while he was so acting as the guardian of these defendants; and such other and further relief as shall to the court seem just and equitable."

To this answer there was evidently a reply, which is not in the record, but there appears the following statements in reference to it: "Afterwards, on the 22d day of December, 1890, a reply was filed herein, which said reply was, at the time of making the transcript, missing from the files." At the time the case was taken up for trial the following order was made, as appears from the record: "This cause now coming on for trial, on motion of defendants, it is by the court ordered that the counter-claim of the said defendants filed herein be, and the same is hereby, dismissed without prejudice."

A trial of the issues thus completed and presented resulted in the following decree in favor of defendants, viz.:

"This cause coming on this day for final determination before this court, the same having been heretofore fully submitted upon all the proofs and arguments of counsel, and the court, being fully advised in the premises, finds that the plaintiff's bill is without equity, and for that reason his cause ought and should be dismissed from this court; and the court further finds that the defendants dismissed their counter-claim without prejudice in this cause and stood wholly upon the answer and defense as defense herein. It is therefore, ordered, adjudged, and decreed that the plaintiff's bill be dismissed for want of equity and that defendants recover from the plaintiff their costs taxed in the sum of \$——, and that execution issue therefor; to all of which order, finding, and decree the plaintiff excepts, and has forty days from the rising of this court to prepare and present his bill of exceptions, and the amount of bond in case of appeal is fixed at \$1,000."

From this disposition of the case the plaintiff has perfected an appeal to this court. By the voluntary dismissal or withdrawal of the portion of the answer which contained matter upon which defendants based a claim for affirmative relief, and the admissions of the answer, all, or practically all, questions were eliminated from the case except the one in reference to the position in which Harriette Robertson, or Hogeboom, was placed relatively to the plaintiff by the transaction which resulted in a deed to her from Louis Waldo, whether the conveyance was made to her of the title for him, or was there sufficient evidence to show that the conveyance was one to her in trust for him? The rules of law applicable to exceptions to certain portions of the testimony which were admitted subject to objections, and also such as are pertinent to the other points raised by the evidence, are well presented and argued in the briefs filed by counsel for the respective parties; but in a decision of the case, agreeably to our views, a discussion of the law points will not be necessary, as we are satisfied that a true determination of the controversy may be reached from a consideration of the facts developed. The plaintiff testified in regard to what were his intentions at the time he purchased the land and had the conveyance made to his daughter, all of which testimony was objected to by defendants as incompetent, and admitted subject to the objections. Granting that it was competent, which we do not decide, we have the following:

Q. To whom was the land deeded? Who was the grantee named in the deed?

A. I had it deeded to my younger daughter.

Q. What is her name?

A. Harriette.

Q. How old was she at that time?

A. I think fifteen or sixteen.

Q. Did she afterwards marry; and if so, who?

A. Yes, sir.

Q. Now, Mr. Hogeboom, you may state what your object was in having it deeded to your daughter.

A. Now it is a good while ago, and it is almost impossible for me to state what my object was. I suppose, I guess at that time we had some object in it. Maybe a matter of convenience or something of that kind; but positively I could not go back and say just what my object was. I took it as a matter of convenience more than anything else.

Q. You may state what your intentions were at the time in having it deeded to her.

A. I cannot say what the intention was, unless it was to keep me from trading it off, or making general dealing with it in other matters. It is property I expected to keep and hold onto without making any sale, or entering it into any other trade I was then making. I do not know any other object I could have had. It might be a barrier with me on that point.

It was also shown that the plaintiff occupied the land during one or two years after the purchase and improved it to some extent; that thereafter for a number of years he had apparent control of it and leased it to different persons and collected the rent. On the other hand, the evidence discloses that his daughter Harriette, to whom the deed was made, was, at the time of such conveyance to her, a minor; that she remained with him until her marriage to Robertson; that in 1879, after her death, which occurred in 1875, plaintiff was appointed guardian for the defendants, the children of his daughter, who were then minors, and on June 30 filed a petition, as such guardian, in the district court of Douglas county, which was as follows:

"Now comes Richard Hogeboom, guardian of the above named persons, and represents unto said court that said Richard H. Robertson is a minor under the age of twenty-one years; that said Elizabeth Robertson is also a minor under the age of eighteen and unmarried; that John Rob-

Hogeboom v. Robertson.

ertson is a minor under the age of twenty-one years, and that said Bertha Robertson is also a minor under the age of eighteen and unmarried; that the father and mother of said minor persons are dead; that on or about the 16th day of September, A. D. 1879, your petitioner was duly appointed guardian of the persons and property of said minors, and is still such guardian; that the only estate, real or personal, belonging to said minors consists of forty acres of land, or thereabouts, situated in Douglas county, and state of Nebraska, described as follows, to-wit: The northeast quarter of the northeast quarter of section 5, in township 15 north, of range 13 east of the 6th principal meridian; that there are no improvements or buildings on said land, but nearly the entire land is under cultivation and yields an annual income of about \$100; that said minors have no other means of support, except as furnished by your petitioner, who is the grandfather of said minors; that there is a large sum against said land for taxes assessed thereon for several years, for which said land has been sold by the county treasurer of said Douglas county and which is subject to redemption; that the annual taxes of levy against said land is about the sum of \$50; that the value of said land is about the sum of \$1,600; that said minors have no other means with which to redeem said land from sale for said delinquent taxes, nor pay such annual taxes; that the whole amount required to satisfy said delinquent and other taxes is about the sum of \$850. Your petitioner therefore asks the court to grant your petitioner a license to sell such land, or such portion thereof as may be sold separately without injury, to pay said delinquent and other taxes, and for the support and education of said children, or that said court make an order authorizing your petitioner to raise said money by a mortgage on said land, as shall to said court appear for the best interest of all persons interested in said land.

“RICHARD HOGEBOOM.”

Hogeboom v. Robertson.

"I, Richard Hogeboom, depose and say I am the guardian named in the foregoing petition, and know all the facts set forth therein personally, and that the same are true.

RICHARD HOGEBOOM.

"Signed in my presence and sworn to before me this 30th day of June, A. D. 1883. WM. H. IJAMS, *Clerk.*"

It will be noticed that this petition is verified positively. Pursuant to this application, notice of its pendency was given by publication, and at the hearing he was licensed to mortgage the land, which he did, securing a loan for \$1,000. The mortgage recites the proceedings of the court, the granting of the license, and is signed by plaintiff in his capacity as guardian of the defendants. The mortgage was afterwards foreclosed, but only one-fourth of the land sold under the decree, the amount realized from such sale being \$3,000, of which sum there remained, after the satisfaction of the decree in the foreclosure suit, the sum of \$1,771.51, which was ordered by the court to be paid to plaintiff as the guardian of defendants, and which he received and receipted for as such guardian. The \$1,000, the proceeds of the loan the payment of which this mortgage was given to secure, were expended in satisfying the claim of one Wilson Reynolds in the sum of \$925, delinquent taxes and interest, Reynolds having received a tax deed for the land. On payment of the above consideration he and his wife executed a quitclaim deed of the land to these defendants as grantees. There is further evidence detailing conversations had with the plaintiff by witnesses in which he made statements regarding the ownership of the land, recognizing the defendants' interest as claimed in their answer. This is a summary of the salient points in the testimony. There are other and further facts and minor details of the evidence which we will not quote, but a careful perusal, analysis, and consideration of all the facts and circumstances disclosed in the testimony, attaching and allowing due weight to all the acts and statements of all

 Wonderlick v. Walker.

the parties involved or concerned in the transaction respecting this land from its inception to its close, as set forth in the record before us, satisfies us that the conclusion arrived at by the trial judge and judgment based thereon were true and just and supported by the weight of the evidence; and, although the evidence may be truly said to be conflicting, we can discover no valid reason for disturbing them.

AFFIRMED.

41	806
44	620
41	806
45	115
45	617
45	720
41	806
52	718

E. A. WONDERLICK ET AL. V. FANNIE C. WALKER.

FILED SEPTEMBER 19, 1894. No. 5597.

1. **Executions: LIABILITY OF PLAINTIFF FOR DIRECTING WRONGFUL LEVY: SHERIFFS AND CONSTABLES: BONDS: SURETIES.** Where the goods of B are wrongfully levied upon and sold on an execution and attachment against A, and the plaintiffs in those actions directed the levy and sale and indemnified the officer, they are jointly liable with him and his sureties for the wrong. Former decision of this branch of the case followed and adhered to. (See *Walker v. Wonderlick*, 33 Neb., 504.)
2. **Rulings on Evidence: REVIEW: ASSIGNMENTS OF ERROR.** In order to obtain a review in this court of the action of a trial court in the admission or rejection of testimony, the portion of the testimony in which it is claimed the error occurred must be specifically and definitely described or pointed out in the assignment in the petition in error.
3. **Instructions: REVIEW: ASSIGNMENTS OF ERROR.** Where the errors claimed to have been committed by the trial court, either in the giving or refusing certain instructions, are grouped in one assignment in the petition in error, they will be examined no further than to determine that one of the instructions given was proper and unobjectionable, or one of those refused was rightly refused.
4. **Review: SUFFICIENCY OF EVIDENCE.** Where there is sufficient evidence to sustain the finding of a jury, such finding will not be disturbed unless it is clearly wrong.

ERROR from the district court of Gage county. Tried below before BABCOCK, J.

S. Rinaker, R. S. Bibb and Rickards & Prout, for plaintiffs in error.

A. Hardy, contra.

HARRISON, J.

Fannie C. Walker, plaintiff in the district court of Gage county and defendant in error here, commenced her action in that court against plaintiffs in error, alleging in her petition that E. A. Wonderlick was a constable in and for Blue Springs township, in Gage county, and Lewis Born-gasser, George Poffenbarger, and George B. Johnson were his bondsmen on his official bond as such constable, and that the Blue Springs Bank caused an attachment to be issued in an action commenced by it against one S. T. Walker, and placed the writ so issued in the hands of E. A. Wonderlick for service; that Black Bros. had theretofore obtained a judgment against S. T. Walker and caused an execution to be issued thereon and delivered to E. A. Wonderlick for levy; that the plaintiff Fannie Walker was then the owner and in possession of a stock of groceries and some fixtures necessary and appropriate for carrying on a grocery business; that on February 18, 1890, the stock and fixtures were in a store-room in Blue Springs, in Gage county, then occupied by her, and in which she was engaged in and carrying on the business of a retail grocer with the goods, and had a fair trade; that the constable, E. A. Wonderlick, under and following directions given him by the Blue Springs Bank and Black Bros., and having been indemnified by them, levied the writ of attachment and of execution against S. T. Walker on her stock of groceries and sold them, or what remained in his hands after returning to her a quantity of goods of the value of

Wonderlick v. Walker.

\$250, and at the time of the levy closed her store and ruined her business, all to her damage in the sum of \$511.33, for which sum with interest she demanded judgment. The Blue Springs Bank answered the petition, denying the ownership of Fannie Walker in the stock of goods and fixtures, and alleging that they belonged to S. T. Walker, the defendant in the attachment suit and judgment debtor against whom the execution levied by the defendant Wonderlick issued; that S. T. Walker was the husband of Fannie Walker, and he had attempted to convey the goods to her for the purpose of cheating and defrauding his creditors, and among them the Blue Springs Bank and Black Bros., and further generally denying each and every other allegation not expressly admitted or denied. There were some further statements in the answer, but it will not be necessary to notice or quote them here. The answer of Black Bros. was substantially the same as that of the bank, or its effect was to raise the same issues. The answer of the parties who were declared against as signers of the official bond of Wonderlick was that they had signed the bond with the express promise and agreement that two other persons, whose names were found written in the body of the bond, should also sign, and that it was not to be binding and not to be delivered to the clerk until the signatures of such persons were attached to it. That the promised signatures were never obtained. There was also a denial of each and every statement of the petition. Wonderlick's answer admitted that he was constable at the time stated in the petition, and in its further statements and substance raised practically the same issues as the answers of the bank and Black Bros. The reply of Fannie C. Walker was a general denial of all new matter contained in the answers. Of the issues presented by the pleadings there was a trial to the court and a jury, a verdict for Fannie C. Walker in the sum of \$773.03, from which she filed a remittitur of \$189.24, and after separate motions

for new trial, filed in behalf of the respective defendants, had been heard and overruled, the court entered judgment for Fannie C. Walker in the sum of \$583.79. The defendants in the district court have brought the case to this court on petition in error for review.

The first assignment of error argued in the brief of plaintiff which we will notice is that "there was a misjoinder of parties defendant in this case, as appears by the pleadings and the evidence." When this case was instituted by Fannie C. Walker the defendants filed separate demurrers to the petition, stating, as grounds for the demurrers, first, that several causes of action were improperly joined; second, that the petition does not state facts sufficient to constitute a cause of action. Wonderlick's demurrer was overruled and the demurrer of the others sustained, and the suit dismissed in so far as it related to them. A review of the decision of the district court in a proceeding in error in this court from such action resulted in the judgment of the lower court as to all but Wonderlick being reversed and the case remanded for further proceedings. It was then held: "Where an officer with process against the property of A seizes, by virtue thereof, the property of B, he is guilty of official misconduct, for which he and his sureties are liable on his official bond. Where the goods of B are wrongfully levied upon and sold on an execution and attachment against A, and the plaintiffs in those actions directed the levy and sale and indemnified the officer, they are jointly liable with him and his sureties for the wrong." This branch of the case is reported in 33 Neb., 504. We are satisfied with the conclusions therein reached and the doctrine announced, and that the proof, as developed during the subsequent trial of the case, substantiated the allegations of the petition in reference to the part taken by the creditors, who were defendants in this suit, in causing the levy to be made, and consequently that there was no misjoinder of parties. (See, also, *Murray v. Mace*, 41 Neb., 60.)

The next assignment which claims our attention is that "the court erred in allowing the witnesses S. T. Walker and G. R. Turner to testify to conversations had with the defendant Wonderlick, plaintiff herein, out of the hearing of the plaintiffs herein and to their prejudice." It has been repeatedly held by this court that in order to obtain a review of alleged errors of a district court, in the admission or rejection of testimony, the errors complained of must be specifically pointed out or designated in the petition in error. The above assignment fails to fulfill the requirements of this rule, in that it refers to conversations testified to in some portion of the testimony of the two witnesses named in the assignment, without stating in what portion of the evidence of either it will be found, or giving the subject of the conversation, or giving the page of the bill of exceptions where it appears or the numbers of the questions objected to, or in any manner making more than a general allusion to the evidence, the court's admission of which it is sought to review. This is not sufficient. The same rule will apply to and govern the other errors which it is argued the court committed in the admission of certain portions of the testimony, as the only reference made to them in the petition in error is the general one that "the court erred in overruling the objection of these plaintiffs, and each of them, to incompetent, irrelevant, and immaterial evidence offered by the defendant herein." This is insufficient to call for a review of the points presented in the brief.

The eighth and ninth assignments of error referred to the giving and refusing certain instructions, quoting them by number and grouping those given, to which exceptions were taken and preserved together in one paragraph, and also those refused in another paragraph of the assignments in the petition in error. We have carefully examined the instructions given which are described by numbers in the eighth assignment and also those referred to in the ninth

assignment as refused, and feel fully convinced that some of the instructions given named in the eighth assignment were directly in point, pertinent to the issues, and proper to be given, and at least one of the list of refused was correctly so discarded and not given, and in accordance with the settled rule of this court the objection to the instructions need not be further considered.

The only other assignment of error which is insisted upon in the argument of counsel for plaintiffs in error in the briefs filed is that "the verdict in said case was contrary to the law and the evidence and not supported thereby." The evidence adduced bearing upon the sale of the property in controversy from S. T. Walker, the husband, to Fannie C. Walker, the wife, whether *bona fide* or fraudulent, the main issue in the case to be determined by the jury, was conflicting, and the question raised was for the jury to answer, which they did by a finding on this point in favor of the plaintiff Fannie C. Walker, that the sale to her was made in good faith and was in all particulars an honest and actual transaction, and the evidence was sufficient to support such a finding on this branch of the case, and hence it will not be disturbed.

The verdict of the jury was for the sum of \$773.03, from which, before judgment was rendered, there was remitted by the plaintiff Fannie C. Walker the sum of \$189.24, which we presume was meant to include either the value of the goods returned by the constable to Mrs. Walker or the amount allowed by the jury as damages to her business caused by closing the store and depriving her of the use of the goods. There was a total lack of evidence upon which to predicate any calculation of damages on the claim for loss occasioned by the shutting up of the store and stopping the business. Mrs. Walker did not show that she had lost anything from this source; hence, whatever sum was contained in the verdict of the jury as an estimate of the damages for the loss of business was not sustained by

 Lowe v. Riley.

the evidence and erroneous. Mrs. Walker, in her petition, stated that the property seized by the constable was of the value of \$511.33; that there was returned to her, by him, goods worth \$250. According to this the value of the stock and fixtures retained by the constable and sold was \$261.33, for which sum and interest the evidence was sufficient to sustain a verdict in favor of Mrs. Walker. The judgment rendered in the sum of \$583.79 contains, as one of its elements, an item of \$250 with interest at seven per cent per annum from February 18, 1890, to February, 1892, or \$285. This \$250, whether looked upon as damages for closing the store and stopping the business, or as the value of goods returned, was not, according to the pleadings and evidence, a proper item to include in the verdict or judgment for Mrs. Walker, hence we conclude that it must be deducted from the amount of the judgment or the plaintiffs in error awarded a new trial. The plaintiff in the district court, Mrs. Walker, may file within forty days a remittitur of the sum of \$285, of the date of the judgment in this case, March 23, 1892, and the judgment will then stand affirmed. If such remittitur is not filed within the time stated, the judgment is reversed and the cause remanded for further proceedings.

JUDGMENT ACCORDINGLY.

41 812
46 182
41 212
50 520
51 808
54 98

SOPHIA LOWE, APPELLEE, V. JOHN RILEY ET AL., APPELLANTS, IMPEADED WITH GEORGE A. HOAGLAND ET AL., APPELLEES.

FILED SEPTEMBER 19, 1894. No. 5401.

1. **Bill of Exceptions: REVIEW.** A bill of exceptions must contain all the evidence upon which questions of fact are to be determined, a reference in such bill to evidence to be found by refer-

Lowe v. Riley.

ence to another bill filed in an independent case not being sufficient.

2. **Appeal from Order Appointing Receiver: REVIEW: BILL OF EXCEPTIONS.** Where there is not such a bill of exceptions as will permit of a consideration of the facts upon the evidence, and where the averments of the petition for a receiver were in no way denied except by affidavits used as evidence, the rights of the parties must be determined solely upon the allegations of the petition accepted as true.

APPEAL from the district court of Douglas county.
Heard below before DOANE, J.

A. C. Read, for appellants.

Chas. E. Clapp, Clinton N. Powell, James B. Meikle,
Gregory, Day & Day, Cornish & Robertson, and Switzer
& McIntosh, for appellees.

RYAN, C.

This is an appeal from an order appointing a receiver after a decree of foreclosure of certain mortgages and mechanics' liens. On appeal the decree just referred to was affirmed. (*Vide Hoagland v. Lowe*, 39 Neb., 397.) The application for receiver was by petition. There appears to have been no answer or other adverse pleading filed, and the trial was upon affidavits and other evidence in writing. For this other evidence reference is made in the bill of exceptions herein contained to a bill of exceptions used in *Hoagland v. Lowe*, *supra*. If there was in another case evidence material and relevant to the matters presented by appeal in this, such evidence should have been embodied in the bill of exceptions settled herein. We are aware of no rule, which in effect authorizes a district judge for certain purposes in this court to consolidate entirely different actions or bills of exceptions in cases docketed independently of each other. As it is evident that to a consideration of all the evidence introduced reference must

Comstock v. Cameron.

be had to the bill of exceptions in another case already determined, we must decline to consider this appeal upon the evidence. The petition, upon which alone this appeal must be determined, presented sufficient grounds for the appointment of a receiver in an ordinary action wherein a decree had already been entered from which an appeal had been taken. The judgment of the district court is

AFFIRMED.

IRVINE, C., not sitting.

MERRILL H. COMSTOCK V. JAMES S. CAMERON ET AL.

FILED SEPTEMBER 19, 1894. No. 5317.

Action on Builder's Bond: ADMISSIBILITY OF RECORDS OF LIEN AND DECREE OVER OBJECTION OF SURETY. Where the undertaking of a surety was that buildings should be erected by his principal upon certain real property and the same turned over free from incumbrance, proper records showing the filing of claims for mechanics' liens, and a decree establishing the same as claimed, are admissible as proof of the existence of liens against said property in a suit against the surety on his undertaking, notwithstanding the fact that such surety was neither named in, nor made a party to, the proceedings evidenced by such records.

ERROR from the district court of Douglas county. Tried below before IRVINE, J.

The opinion contains a statement of the case.

Kennedy & Learned, for plaintiff in error:

The court erred in admitting in evidence the record of the foreclosure proceeding. (*Dorsey v. McGee*, 30 Neb., 670; 1 Greenleaf, Evidence [14th ed.], sec. 522.)

A surety is bound in the manner and to the extent provided in the obligation executed by him, and no further.

Comstock v. Cameron.

(*Brennan v. Clark*, 29 Neb., 385; *Simonson v. Thori*, 31 N. W. Rep. [Minn.], 861; *Miller v. Stewart*, 9 Wheat. [U. S.], 703; *Judah v. Zimmerman*, 22 Ind., 392; *Ryan v. Trustees of Shawneetown*, 14 Ill., 24; *Wheeler & Wilson Mfg. Co. v. Brown*, 25 N. W. Rep. [Wis.], 427, 26 N. W. Rep. [Wis.], 564; *Bowers v. Cobb*, 31 Fed. Rep., 678; *Crescent Brewing Co. v. Handley*, 7 So. Rep. [Ala.], 912.)

Breckenridge, Breckenridge & Crofoot and *John Q. Burgner*, *contra*.

RYAN, C.

The plaintiff in error complains of a judgment against him rendered by the district court of Douglas county upon the verdict of a jury. The cause of action was that on June 29, 1887, the firm of Norling & Reynolds, contractors and builders, as principal, and M. H. Comstock, as surety, made their bond to J. S. Cameron in the penal sum of \$700. The conditions of this bond were that the said firm of builders should furnish all the materials and perform all the labor in connection with the erection of two buildings on a lot therein described, and turn over said buildings free from liens for labor or material furnished through said Norling & Reynolds. The breach alleged was that the said firm of builders incurred divers obligations for material used in the construction of said buildings, for which mechanics' liens had been filed against the property improved, which were afterward established and ordered enforced as liens, notwithstanding all the defenses which plaintiff could and did interpose.

The first question presented is that the court erred in admitting in evidence the records showing the filing of liens just referred to in connection with the decree establishing the same, supplemented with an order of sale issued upon said decree for the collection of the amounts thereby established as liens, by a sale of the property improved.

Comstock v. Cameron.

These records and the order of sale were not admissible, because the plaintiff in error was thereby bound on account of privity between himself and his principals. He could not properly be made a party to the proceedings for the foreclosure of the liens prayed for, and hence was properly omitted therefrom; but his undertaking was that the property should be turned over free from liens on account of labor or material furnished through his principals. The substantive fact to be established was the existence of liens against the property improved, and there was no competent proof of this fact possible except by the introduction of the records themselves, or the substitute therefor by copy authorized by statute. The plaintiff in error contracted that no such lien against the property should be permitted to exist. These records showed that they did exist, and at the time of the trial had been duly established by proper proceedings *in rem*. The rule applicable is thus stated in section 527 of Greenleaf on Evidence: "A judgment, when used by way of inducement or to establish a collateral fact, may be admitted, though the parties are not the same. Thus, the record of a conviction may be shown in order to prove the legal infamy of a witness. So it may be shown in order to let in the proof of what was sworn at the trial or to justify proceedings in execution of the judgment. So it may be used to show that the suit was determined; or, in proper cases, to prove the amount which a principal has been compelled to pay for the default of his agent; or the amount which a surety has been compelled to pay for the principal debtor; and, in general, to show the fact that the judgment was actually rendered at such a time and for such an amount." In sections 538 and 539 of the same text-work will be found still further illustrations of the admissibility of evidence of this character for the purposes indicated. There was, therefore, no error in admitting in evidence the record of the mechanic's lien filed, and the decree for its enforcement. The order of sale

founded upon the decree for the enforcement of the several liens established was also admissible, coupled as it was with the sheriff's return thereon, and oral evidence showing payment and satisfaction thereof by the obligee named in the bond upon which the plaintiff in error was surety. The bond misdescribed the premises upon which the buildings were to be erected. It was pleaded and proved that the principals named in the bond had undertaken to erect no other buildings for the obligee than those situated upon the property described, and that said last named buildings were those of necessity contemplated in the bond, though the lot was misdescribed. The petition contained not only proper averments, but as well it contained an apposite prayer for the amendment and enforcement of the bond sued upon according to the true intent of the parties. In this respect there was, therefore, no error in the proceedings of the trial court.

In respect to other contentions of the plaintiff in error, it is deemed sufficient to observe that the fact that the title of the property improved was held by Isadore Cameron rather than her husband, the obligee in the bond, is not material, for the ownership of the lot to be improved is in no way referred to in the bond. In a like general way it may be observed that if the alleged failure to render judgment against his principal, for whom plaintiff in error was surety, had, by the motion for a new trial or otherwise, been presented to the trial court, a proper order or judgment, if any was necessary, would have resulted. We cannot seriously consider this objection, urged as it is for the first time in this court. No error is discovered in a careful examination of the entire record, and the judgment of the district court is

AFFIRMED.

IRVINE, C., took no part in the consideration or determination of this case.

Patterson v. Murphy.

RICHARD C. PATTERSON V. JOHN D. MURPHY.

FILED SEPTEMBER 19, 1894. No. 5200.

1. A party whose cause of action is founded upon a written contract is limited as to his rights by the terms of such contract, and a recovery contrary thereto cannot be sustained.
2. Contracts to Purchase Real Estate: DEFAULT IN PAYMENTS: RESCISSION BY VENDOR: ACTION BY VENDEE TO RECOVER PAYMENTS. Where a vendee had failed to perform according to the terms of a written executory contract for the purchase of real property, and the vendor, as was his contract right, has rescinded such contract, the vendee cannot maintain an action against the vendor for payments already made, on the ground that such contract must, by reason of such rescission, be considered as never having existed, for upon this last assumption the payments must be treated as purely voluntary.

ERROR from the district court of Douglas county. Tried below before FERGUSON, J.

The opinion contains a statement of the case.

J. L. Kaley, for plaintiff in error:

When a vendee enters upon the performance of a contract to purchase, pays part of the consideration, and makes inexcusable default, he cannot maintain an action to recover the money so paid. (*McManus v. Blackmarr*, 50 N. W. Rep. [Minn.], 230.)

If time is of the essence of the contract and there is default in payment without just excuse, and without a waiver made on sufficient consideration, the court will not afford relief to the party in default. (*Morgan v. Bergen*, 3 Neb., 214; *Horacek v. Keebler*, 5 Neb., 355; *Higbie v. Farr*, 10 N. W. Rep. [Minn.], 592; *Schumann v. Mark*, 28 N. W. Rep. [Minn.], 928; *Austin v. Wacks*, 15 N. W. Rep. [Minn.], 409; *Hanschid v. Stafford*, 25 Ia., 428; *Reynolds v. Burlington & M. R. R. Co.*, 11 Neb., 186.)

41	818
48	412
41	818
56	187
41	818
58	592
41	818
62	83

J. J. O' Connor, contra:

Where there is no contract subsisting between the parties, the same having been put an end to by the election or refusal of the defendant to perform, the other party may recover back any money paid on part performance, with interest from the date of the rescission of the contract. (*Eaton v. Redick*, 1 Neb., 305; *Raymond v. Bearnard*, 12 Johns. [N. Y.], 274; *Green v. Green*, 9 Cow. [N. Y.], 46; *Chitty, Contracts*, 741; *Harris v. Bradley*, 9 Ind., 168.)

RYAN, C.

The petition filed in the district court of Douglas county on behalf of John D. Murphy against Richard C. Patterson was in the following language: "Now comes the said plaintiff, and for his cause of action against said defendant says that on or about the 16th day of January, 1885, he purchased from said defendant lot 3, in block K, of Saunders & Heimbaugh's addition, as surveyed, platted, and recorded, for the sum of \$200; that at the time of the purchase of said lot said plaintiff paid said defendant the sum of \$80 as part payment on said lot 3, and said plaintiff entered into an agreement in writing for the purchase of said lot; that on September 25, 1885, said plaintiff paid said defendant on the purchase price of said lot \$8 more; that on or about the 13th day of May, 1886, said plaintiff tendered to said defendant the sum of \$131.60, being the amount in full due on said lot, interest, and taxes, and asked him for a deed to said property, which he refused to accept or to make a deed as he agreed to do, but sold and disposed of said lot to other parties, whereby said plaintiff has been injured in the sum of \$88, with interest thereon from May 13, 1886." The prayer of the petition was for judgment for the above sum of \$88, and interest from the date last named. Issues were duly joined between the parties, trial had to a jury, on whose verdict judgment was

Patterson v. Murphy.

rendered in favor of the defendant in error for the sum of \$117.19.

The contract, referred to in the petition, was between Patterson, as party of the first part, and Murphy, as party of the second part, and provided that the sum of \$200 should be paid to entitle the second party to a conveyance, of which \$200, \$80 should be due upon delivery of said written contract, and the balance should be paid in monthly payments of \$10 each. After a provision in the contract requiring strict payment to be made as provided, time being of the essence of the contract, there followed this language: "But in case the said second party shall fail to make the said payments aforesaid, or any of them, punctually and on the strict terms and times above limited; and likewise to perform and complete all and each of his agreements and stipulations aforesaid, strictly and literally, without any failure or default, the times of payment being of the essence of this contract, then the party of the first part shall have the right to declare this contract null and void, and all rights and interest thereby created or then existing in favor of said second party or derived under this contract shall utterly cease and determine, and the premises hereby contracted for shall revert and re-vest in said first party without any declaration of forfeiture or act of re-entry, or without any other act of said first party to be performed, and without any right of said second party of reclamation or compensation for money paid or improvements made." The theory of the defendant in error is thus stated in the brief submitted on his behalf: "The failure of Murphy to comply with his contract and make the payments at the time agreed did not terminate the special contract, but left it optional with Patterson to do so. He exercised this option by the sale of the lot to another party at an advanced price, putting it beyond his power to fulfill his contract with Murphy. Then, on the failure of Murphy to pay, Patterson chose to rescind the contract and put an end

Patterson v. Murphy.

to the same, so that when this action was brought there was no subsisting contract between the parties on which the money sought to be recovered was paid. When Murphy tendered the amount due to Patterson and demanded a deed to the property, Patterson had already canceled the contract, sold the property, and put it beyond his power to fulfill his contract with Murphy. Where there is no contract subsisting between parties, but the same has been put an end to by the election or refusal of the defendant to perform, the other party may recover back any money paid on part performance, with interest from the date of the contract."

The case of *Eaton v. Redick*, 1 Neb., 305, would seem to sustain to some extent the proposition above advanced, but we cannot believe that the opinion in the case just referred to is a correct statement of the law applicable to all cases embraced within the language employed. For instance, in the case at bar, as has already been shown by quotation therefrom, the written contract provided that the right of rescission by Patterson, on account of the failure of Murphy to perform his undertakings, could be exercised by Patterson without any right of reclamation or compensation for money paid thereby accruing to Murphy. From the petition itself it is not clear whether the pleader bases his rights upon the written contract or not. This is immaterial, however, for in any event the same result must follow, though for different reasons. If the plaintiff's petition was framed in reliance upon the written contract, he should be bound by all its terms, one of which cut off the right to maintain this action. If it was intended to utterly ignore the written contract and treat it as though it never had existed, it would follow that the payments which plaintiff sought to recover were mere voluntary payments, and that, therefore, this action could not be maintained. (*Herman v. Edson*, 9 Neb., 152; *Renfrew v. Willis*, 33 Neb., 98.)

Storz v. Riley.

It results, in any view of the case, that the judgment of the district court must be, and it therefore is,

REVERSED.

IRVINE, C., not sitting.

STORZ & ILER V. ANDREW RILEY ET AL.

FILED SEPTEMBER 19, 1894. No. 5120.

Conflicting Evidence: REVIEW. Where there is evidence upon which the jury might have found for either litigant, the verdict of a jury will not be disturbed because of a doubt as to a mere preponderance of the evidence.

ERROR from the district court of Douglas county. Tried below before HOPEWELL, J.

Lake, Hamilton & Maxwell, for plaintiffs in error.

Cornish & Robertson, contra.

RYAN, C.

In the year 1887, Storz & Iler were engaged in manufacturing and selling beer in Omaha. The firm of Murphy & Woodmansee, retail liquor dealers, bought largely of the first named firm, so that there was due a balance of \$2,253. The firm first mentioned advanced to Mr. Woodmansee the sum of \$2,800, with which to buy out the interest of Mr. Murphy. Thus Mr. Woodmansee on November 12, 1887, became indebted to Storz & Iler in the sum of \$5,053. The lease of the building, wherein was the stock of goods managed thenceforth by Woodmansee, was transferred to Storz & Iler, and a license was applied for and obtained authorizing said Storz & Iler to carry on the liquor busi-

ness therein for one year. Mr. Woodmansee had charge of this business and so managed it that there was finally a balance due the defendants in error of \$1,400, for which amount a verdict was returned and judgment thereon rendered in the district court of Douglas county against the plaintiffs in error. The pivotal question in the trial was whether or not Storz & Iler were principals for whom Woodmansee was acting simply as agent in purchasing liquors from the defendants in error. In his testimony Mr. Woodmansee testified to the condition last named being a correct statement of the relation which Storz & Iler sustained to said purchase. This was denied by Mr. Storz and Mr. Iler respectively, and both these statements were reinforced by collateral evidence. It would subserve no useful purpose to detail the evidence adduced, for the result would be but to show that the jury might have found for either plaintiff or defendant. In this condition of the proofs the verdict will not be disturbed as unsustained by the evidence.

The testimony of Mr. Woodmansee was given by deposition, and it is insisted that many interrogatories were leading. This objection is well taken, and yet we cannot see that prejudice therefrom resulted to the plaintiffs in error. Of necessity the form of questions, as well as the order in which testimony is introduced, must be left to the sound discretion of the trial judge. A careful examination of the record fails to show that in either of these respects this discretion has been improperly exercised.

The criticism of instructions is because of technical use of language in referring to matters to which the proofs were directed. It is true, as suggested in argument, that the pleadings were not strictly followed in these matters, and yet the jury could not have been misled, for in each such case the reference was to questions of fact in dispute in the same language as had been employed by witnesses in giving evidence.

Beindorff v. Kaufman.

We find no error in the record and the judgment of the district court is

AFFIRMED.

CHARLES BEINDORFF, APPELLANT, V. DAVID KAUFMAN
ET AL., APPELLEES.

FILED SEPTEMBER 19, 1894. No. 5134.

DURESS: EXECUTION OF MORTGAGE BY PARENTS UNDER THREATS TO PROSECUTE SON: GUILT OF SON: COMPOUNDING FELONY.
As bearing upon the defense of duress *per minas* interposed against the foreclosure of a mortgage, the actual guilt of a son is not material where his parents have been compelled to make such mortgage to secure his debt by alternative threats to begin, and promises to forbear, a prosecution against him solely conditioned upon the consent or refusal of his parents to make the mortgage demanded.

APPEAL from the district court of Douglas county.
Heard below before HOPEWELL, J.

The opinion contains a statement of the case.

Cowin & McHugh and *C. W. Haller*, for appellant:

The facts and circumstances of the case as disclosed by the record do not in law constitute duress or undue influence. (*Sanford v. Sornborger*, 26 Neb., 295; *Hilborn v. Bucknam*, 78 Me., 482; *Mundy v. Whittemore*, 15 Neb., 647; *Sornborger v. Sanford*, 34 Neb., 498; *Compton v. Bunker Hill Bank*, 96 Ill., 301; *Greene v. Scranage*, 19 Ia., 461; *Landa v. Obert*, 45 Tex., 539; *Weber v. Barrett*, 25 N. E. Rep. [N. Y.], 1068; *Harmon v. Harmon*, 61 Me., 227; *Bodine v. Morgan*, 37 N. J. Eq., 426; *Fulton v. Hood*, 34 Pa. St., 365.)

The execution and acknowledgment of the mortgage in

question was an act of the will and the judgment of the grantors,—a deliberate conviction, after consultation with counsel and interchange of views between themselves and relatives, of what was best to be done under the circumstances. (*Weber v. Barrett*, 25 N. E. Rep. [N. Y.], 1068; *Greene v. Soranage*, 19 Ia., 466; *Harmon v. Harmon*, 61 Me., 227; *York v. Hinkle*, 50 N. W. Rep. [Wis.], 895; *Prichard v. Sharp*, 51 Mich., 432; *Gates v. Shutts*, 7 Mich., 127.)

After the execution of the mortgage, the same was ratified by the grantors and acted upon by the grantee, and defendants cannot now insist upon a rescission of the contract. (Lawson, Property Rights, sec. 2367; Leake, Contracts, 425; *Bodine v. Morgan*, 37 N. J. Eq., 426; *Sanford v. Sornborger*, 26 Neb., 295; Maxwell, Code Pleading, pp. 433-436.)

L. D. Holmes, contra:

The grantors were induced to make, execute, and deliver the mortgage in controversy through fear and by threats of appellant to prosecute and imprison their son, and by the fraud and imposition practiced by appellant's agents in securing the same. The mortgage was also made to stifle prosecution, and is illegal and void. (*Munson v. Carter*, 19 Neb., 293; *Hansen v. Berthelsen*, 19 Neb., 433; *Whelan v. Whelan*, 3 Cow. [N. Y.], 537; *Hugnenin v. Baseley*, 14 Ves. [Eng.], 273; *Sands v. Sands*, 112 Ill., 225; *Smith v. Kay*, 7 H. L. Cases [Eng.], 779; *Harris v. Carmody*, 131 Mass., 51; *Williams v. Bayley*, 14 L. T. Rep. [Eng.], 802; *Coffman v. Lookout Bank*, 40 Am. Rep. [Tenn.], 35; *Eadie v. Slimmon*, 82 Am. Dec. [N. Y.], 396; *Greene v. Soranage*, 19 Ia., 461; *Gohegan v. Leach*, 24 Ia., 509; *Singer Mfg. Co. v. Rawson*, 50 Ia., 634; *Line v. Blizzard*, 70 Ind., 23; *Foley v. Greene*, 51 Am. Rep. [R. I.], 419; *Adams v. Irving Nat. Bank*, 116 N. Y., 606; Story, Equity Jurisprudence, secs. 239-251, 294; 2 Pomeroy, Equity Juris-

Beindorff v. Kaufman.

prudence, secs. 942, 943; *Lomreson v. Johnston*, 44 N. J. Eq., 93; *Ingersoll v. Roe*, 65 Barb. [N. Y.], 346; *Hullhorst v. Scharner*, 15 Neb., 57; *Fisher v. Bishop*, 108 N. Y., 25; *Barry v. Equitable Life Ins. Co.*, 59 N. Y., 587; *Shaw v. Reed*, 30 Me., 105; *Roll v. Roguet*, 4 O., 419; *James v. Roberts*, 18 O., 548.)

The appellees are not estopped to make their defense. An action for relief on the ground of fraud may be commenced at any time within four years after discovery of the facts constituting the fraud, or of facts sufficient to put a person of ordinary intelligence and prudence on an inquiry which, if pursued, would lead to such discovery. (*Parker v. Kuhn*, 21 Neb., 413; *Hellman v. Davis*, 24 Neb., 793; *Wright v. Davis*, 28 Neb., 479.)

RYAN, C.

This action was for the foreclosure of a mortgage securing the payment of three promissory notes given by David Kaufman and Kaufman Bros. to Charles Beindorff. The mortgage was made by Levi Kaufman and his wife, the parents of the makers of said notes. The defenses interposed by the mortgagors were duress, and that the mortgage was given to compound a felony, alleged to have been committed by David Kaufman. From a decree canceling the aforesaid mortgage an appeal has been taken to this court.

On the trial there was introduced evidence, and in this court argument is directed to the consideration that Levi Kaufman, with his associates, had, previous to the execution of the mortgage, received transfers of all the property of which David Kaufman and Kaufman Bros. were owners. No averments of the petition, however, warrant an inquiry as to whether or not Levi Kaufman held this property as trustee, and whether or not there were circumstances which rendered it but equitable that he should secure the claim of appellant. The action was one simply

for a foreclosure, in which, after several amendments, there were, beside the usual averments in such cases, statements as to an extension of time and the surrender of collaterals obtained by giving the mortgage in question. The finding of the trial court was that there was a sufficient consideration to sustain the mortgage, so that it is unnecessary to consider circumstances other than those tending to prove or disprove that the mortgage was procured by duress, or was given in consideration of compounding a felony.

On the 24th day of December, 1887, appellant sold his cigar and tobacco store in Omaha to Kaufman Bros., a firm composed of David Kaufman and Isaac Kaufman. As part payment the notes hereinbefore referred to were executed, each for the sum of \$1,000. As security for the payment of these notes David Kaufman assigned and delivered to appellant certain executory contracts and notes. These contracts had been made by David Kaufman to George M. Winkleman and Thomas Bethel, and provided that upon payment of the entire sum of \$2,600, evidenced by the notes of Winkleman and Bethel to David Kaufman, the said Kaufman would convey the property, which was the subject-matter of the contracts, to Winkleman and Bethel. These executory contracts and these notes were those assigned as collateral by David Kaufman to appellant. These executory contracts were never recorded, neither was the assignment of them, and David Kaufman, taking advantage of this want of notice, was able to, and did, mortgage the land described in the executory contracts aforesaid to John L. Miles on December 29, 1887. When this was discovered by appellant's attorney he prepared a complaint against David Kaufman upon a criminal charge under section 28, chapter 32, Compiled Statutes, and under section 127 of the Criminal Code. This complaint was sworn to by Otto Beindorff, son of appellant. With this complaint in his possession, and two deeds necessary to cure defects in title to the land upon which a mort-

Beindorff v. Kaufman.

gage was desired, appellant's attorney and Otto Beindorff called on David Kaufman. Mr. Haller, the aforesaid attorney, then told David Kaufman that he had come on behalf of appellant with respect to the notes in controversy and to secure which said Kaufman had given certain real estate contracts and notes, and charged that since transferring said contracts he, the said David Kaufman, had mortgaged the property in said contracts described to John L. Miles without disclosing to Miles the prior sale of said land contracts; that the mortgage itself showed that it had been taken with warranties of title in the said David Kaufman against the existence of any incumbrances. David Kaufman admitted that these charges were true, but said he had no other security which he could pledge. Mr. Haller then told him that he had brought a mortgage (describing it), ready for execution; that he had found the title first in David Kaufman, by whom it had been transferred to David's father by quitclaim deed in which David's wife had not joined, and he urged that David's father and mother should sign the above mortgage, and said that if there was not executed a proper quitclaim deed by David and his wife, and the proposed mortgage by David's father and mother, that on behalf of appellant he would begin a prosecution against David upon the information which he then read to David. Upon the suggestion of Mr. Rosenfield, a brother-in-law of David, all parties present went to the office of Mr. Ervin, an attorney at law, to whom was stated the charges against David, in substance as above set forth. Mr. Ervin thereupon inquired of David whether or not these charges were true, to which inquiry David replied that he guessed the charges were true. To Ervin's inquiry whether or not David's father would sign the mortgage, David said he would, that his father would do anything for him. A messenger was sent for David's father, Levi Kaufman, who at once came to Ervin's office.

As the finding of the trial court sustained the plea of

duress, it is necessary only to inquire whether or not there was sufficient evidence to sustain that finding. The trial took place in June, 1891, at which time Levi Kaufman testified that he would be seventy-five years of age in the winter following; that when he went into Mr. Ervin's office Mr. Haller said, "I want you to sign a mortgage;" that witness said, "I will sign no mortgage;" that Mr. Haller said, "If you do not sign that mortgage I will send your son to Lincoln to-night in prison;" that witness still refused to sign the mortgage; that witness then left the room and met his son David, who asked him to sign it, which witness refused to do, saying, "I will not sign my property,—my home;" that David began to cry and said to witness, "For mercy sake, for my children and me, sign it;" that witness thereupon signed it. It is rendered quite probable by the testimony of other witnesses that there was no threat to commit David to prison in Lincoln on the evening referred to, but the testimony is uncontradicted that Levi Kaufman was given to understand by Mr. Haller that unless the mortgage was signed there would be commenced a prosecution against David that same night, though the conversation referred to was between the hours of 6 and 7 o'clock in the evening. After Levi signed the mortgage it was the same evening taken to David's mother, who also signed it. She was at that time about sixty-three years of age. The testimony of both these parents was that the mortgage was signed solely to prevent a criminal prosecution of their son David. It is urged, however, in argument that the fact that the proposed prosecution was for an admitted crime relieved the transaction of the imputation of duress, and in support of this contention the case of *Sanford v. Sornborger*, 26 Neb., 295, is cited. If the mortgage in question had been given by David Kaufman, this case would be in point, for David could not be heard to complain of the logical effect of his own confessed misconduct. As against David's

Beindorff v. Kaufman.

parents, however, no such consideration, has force. By threats of a prosecution of their son if they did not incumber their home, and the promise that no prosecution would be commenced if they did, this mortgage was obtained to secure a debt for which the mortgagors were in no way liable. This result was attained by appealing to their fears and the love of their offspring. The motive, therefore, can hardly be classed with that of a felon seeking to avoid the punishment of his crime. As an original proposition, it might be that we should not have reached the same conclusion of fact as that reached by the trial court upon conflicting evidence. This result is, however, not without sufficient support, and we therefore accept as proved the results necessarily implied in the finding of the trial court.

It is argued that there was a ratification of the mortgage by payments having been made on the notes by Levi Kaufman and his wife. There were payments made, but there was no direct evidence whether these payments were made by Levi Kaufman or not. Certainly they were not made by his wife. Levi Kaufman, in direct terms, testified that he in no way made or was a party to such payments. At any rate, we cannot see that these payments, if made by Levi, were of any great controlling force, for neither Levi nor his wife had ever agreed to make payments. They only gave security that David would pay; hence, such payments as were made were only in discharge of David's undertaking. There appears no change in the status of appellant superinduced by these payments, neither does the failure of Levi and his wife to insist that the mortgage was void *ab initio* seem in any way to have prejudiced his rights. The judgment of the district court is

AFFIRMED.

W. L. BEARD V. EZRA F. RINGER.

FILED SEPTEMBER 19, 1894. No. 5290.

1. **Review of Ruling on Motion: AFFIDAVITS: BILL OF EXCEPTIONS.** Affidavits used in the district court in support of a motion to set aside a default and judgment must be embodied in a bill of exceptions if it is desired that this court shall pass upon their sufficiency for the purposes for which they were used in the court below.
2. **Appeal from Inferior Courts: TIME TO FILE PETITION IN APPELLATE COURTS.** The plaintiff, in an action appealed from a justice of the peace or county court, has fifty days from the rendition of the judgment appealed from in which to file his petition in the appellate court.
3. **——: TIME TO FILE ANSWER IN APPELLATE COURTS.** The time for a defendant to answer in an action appealed from a justice of the peace or county court does not begin to run until fifty days from the rendition of the judgment appealed from, excluding the day on which such judgment was rendered. (Code of Civil Procedure, secs. 1008 and 1010a.)

ERROR from the district court of Douglas county. Tried below before IRVINE, J.

J. J. O'Connor, for plaintiff in error.

Brown & Talbott, contra.

RAGAN, C.

E. F. Ringer sued William L. Beard before a justice of the peace in Douglas county. On October 18, 1890, the justice rendered a judgment dismissing Ringer's action. October 28, 1890, Ringer filed with and had approved by the justice an appeal bond. On the 8th day of November, 1890, Ringer filed in the office of the clerk of the district court a certified transcript of the proceedings had before said justice, as provided by section 1008 of the Code of

Beard v. Ringer.

Civil Procedure. On December 6, 1890, Ringer filed with the clerk of the district court a petition in the case, setting up his cause of action against Beard. No answer or other pleading was ever filed to this petition, and on December 7, 1891, Ringer took a judgment by default against Beard. December 10, 1891, Beard filed a motion to set aside the default and judgment. December 22, 1891, the district court overruled this motion, and from this ruling of the district court Beard prosecutes a petition in error to this court.

1. The reasons relied upon by Beard in the district court for setting aside the default and judgment are not set out in his motion, but he says they will appear from the affidavits attached thereto. We cannot say whether the district court abused its discretion in refusing to set aside this default and judgment or not, as the affidavits filed by Beard in support of the motion, and which contain the facts relied upon by him for setting aside the default, though incorporated in the record here, are not embodied in any bill of exceptions, and therefore we cannot consider them. Affidavits used in the district court in support of a motion to set aside a judgment must be embodied in a bill of exceptions if it is desired that this court should pass upon their sufficiency for the purposes for which they were used in the court below. (*McMurtry v. State*, 19 Neb., 147.)

2. Another argument of counsel for plaintiff in error here is that it appears from the record that at the time the judgment by default was entered against Beard, Ringer was himself in default in filing his petition, and that a party in default cannot default his adversary. If it be true that Ringer's petition in the district court was filed out of time and without leave of the court and without any notice to Beard, then Ringer was not entitled to a judgment by default against Beard. By section 1008 of the Code of Civil Procedure it is provided that a party appealing from a judgment of a justice of the peace shall,

within thirty days next following the rendition of the judgment, deliver to the clerk of the appellate court a certified transcript of the proceedings had before the court from which the appeal was taken; and by section 1010a it is provided that when an appeal from a justice of the peace or county court is perfected by filing in the appellate court a certified transcript of the proceedings, the plaintiff in the action shall, within twenty days after the filing of the transcript in the appellate court, as required by section 1008, file his petition, and that the answer shall be filed and issues joined the same as in cases originally commenced in such appellate court. In the case at bar the judgment of the justice of the peace was rendered against the plaintiff in the action on the 18th day of October, 1890. Thirty days from that date would be the last day which the law gave Ringer to file his transcript in the district court, and twenty days from this date would be December 7, 1890; this would be the last day given by the statute for Ringer to file in the district court his petition. As already seen, he filed his petition on the 6th day of December, 1890, and it was, therefore, not filed out of time. The theory of counsel for Beard seems to be that inasmuch as Ringer, on the 8th day of November, 1890, filed with the clerk of the district court a certified transcript of the proceedings had before the justice, therefore Ringer was compelled to file in the district court his petition in the action twenty days thereafter, or on November 28, 1890, and that as Ringer did not file his petition by that date, it was therefore filed out of time, and that Beard was not compelled to take notice of its filing. But counsel misconstrues sections 1008 and 1010a of the Code. In this case, if the judgment of the justice of the peace had been rendered against Beard, the defendant in the case, he would have had thirty days from the rendition of that judgment in which to file in the district court a certified transcript of the proceedings had before the justice of the peace. The

 Phenix Ins. Co. v. Omaha Loan & Trust Co.

time of filing Ringer's petition then would have been twenty days from the expiration of the thirty days, and Beard's time for filing an answer would not have begun to run until fifty days from the rendition of the judgment of the justice of the peace. (*Rich v. Stretch*, 4 Neb., 186; *Monell v. Terwilliger*, 8 Neb., 360; *Smith v. Borden*, 22 Neb., 487.) There is no error in the record, and the judgment of the district court is

AFFIRMED.

IRVINE, C., not sitting.

PHENIX INSURANCE COMPANY OF BROOKLYN V. OMAHA
LOAN & TRUST COMPANY.

FILED SEPTEMBER 19, 1894. No. 5459.

1. **Fire Insurance: MORTGAGE CLAUSE: RIGHTS OF MORTGAGEE: EFFECTS OF TRANSFER OF PROPERTY WITHOUT CONSENT OF INSURER OR NOTICE: ASSIGNMENT OF MORTGAGE: ACTION ON POLICY.** One Crew borrowed of a trust company \$4,000, agreeing to repay it in five years with semi-annual interest. To secure the payment of this debt Crew executed to the trust company a mortgage upon his real estate. This mortgage provided that Crew should insure the mortgaged property against loss by fire for five years for the benefit of the trust company. About the date of the mortgage an insurance company issued to Crew a policy insuring the property against loss by fire for five years. This policy contained the following provisions: (a.) "If the property be sold or transferred in whole or in part without written permission in this policy, then, and in every such case, this policy is void." (b.) "When the property shall be sold or incumbered, or otherwise disposed of, written notice shall be given the company of such sale or incumbrance or disposal; otherwise this insurance on said property shall immediately terminate." Attached to this policy and made part thereof was a "mortgage slip," as follows: "It is hereby agreed that this insurance, as to the interest of the mortgagee only therein, shall

41	884
47	71
47	724
48	747
41	834
58	507

not be invalidated by any act or neglect of the mortgagor or owner of the property insured, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy. It is further agreed that the mortgagee shall notify said company of any change of ownership or increase of hazard which shall come to the knowledge of the said mortgagee, and that every increase of hazard not permitted by this policy to the mortgagor or owner shall be paid for by the mortgagee on reasonable demand, according to the established scale of rates, for the whole term of use of such increased hazard. It is also agreed that whenever the company shall pay the mortgagee any sum for loss under this policy, and shall claim that, as to the mortgagor or owner, no liability therefor existed, it shall at once be legally subrogated to all the rights of the mortgagee under all the securities held as collateral to the mortgage debt, to the extent of such payment; or, at its option, may pay to the mortgagee the whole principal due, or to grow due, on the mortgage, with interest, and shall thereupon receive a full assignment and transfer of the mortgage and all other securities held as collateral to the mortgage debt; but no such subrogation shall impair the right of the mortgagee to recover the full amount of its claim." The policy, on its issuance, was delivered to the trust company, which retained the possession and title thereof. Crew sold and conveyed the mortgaged property without the written permission of the insurance company, and of which sale the latter had no notice of any kind until after the insured property was destroyed by fire. The trust company learned of the conveyance of the property soon after it occurred, but neglected to notify the insurance company thereof until after the fire. Prior to the destruction of the insured property by fire the trust company sold and assigned the mortgage debt, guaranteeing the collection and payment thereof, but did not assign the insurance policy nor part with its possession. The mortgage debt was unpaid and not due at the time of the destruction of the insured property. The trust company brought suit against the insurance company to recover the amount of the loss. While this action was pending the mortgage debt matured, and the trust company, in pursuance of its contract of guaranty, paid it off. *Held*, (1) That neither the sale and conveyance of the mortgaged property by Crew without the permission of the insurance company, nor his failure to give the insurance company notice thereof, voided the policy as to the trust company; (2) that the status of the trust company was not that of a mere assignee of the insurance policy issued to Crew, nor that of a person appointed to collect the loss for him; that the policy con-

tained a contract between the insurance company and the trust company separate and independent from the contract between Crew and the insurance company, and that the rights of the trust company could not be made to depend upon Crew's observance of his agreements with the insurance company; (3) that the neglect of the trust company to notify the insurance company of the sale of the mortgaged property did not void the policy as to the trust company.

2. ———: ———: ———: ———: PARTIES PLAINTIFF IN ACTION ON POLICY. That as by the terms of the insurance policy the loss was made payable to the trust company, and as it owned and held possession of the policy and had guarantied the payment of the mortgage debt, the suit was properly brought in its name, although the assignee of the mortgage debt was also a proper party plaintiff.

ERROR from the district court of Douglas county. Tried below before WAKELEY, J.

The facts are stated by the commissioner.

Jacob Fawcett and *F. M. Sturdevant*, for plaintiff in error:

The alienation of the property by Crew avoided the policy. (*Hale v. Mechanics Mutual Fire Ins. Co.*, 6 Gray [Mass.], 169; *Loring v. Manufacturers Ins. Co.*, 8 Gray [Mass.], 28; *Grosvenor v. Atlantic Ins. Co.*, 17 N. Y., 391; *State Mutual Fire Ins. Co. v. Roberts*, 31 Pa. St., 438; *Buffalo Steam Engine Works v. Sun Mutual Ins. Co.*, 17 N. Y., 401; *Pupke v. Resolute Fire Ins. Co.*, 17 Wis., 389; *Lawrence v. Holyoke Ins. Co.*, 11 Allen [Mass.], 387; *Gasner v. Metropolitan Ins. Co.*, 13 Minn., 447; *Chishom v. Provincial Ins. Co.*, 20 U. C. C. P., 11; *Illinois Mutual Fire Ins. Co. v. Fix*, 53 Ill., 151; *Carpenter v. Providence Washington Ins. Co.*, 16 Pet. [U. S.], 495.)

Howard B. Smith, contra:

The relations between the defendant in error and the plaintiff in error are determined by virtue of the mortgage

slip. A contractual relation exists between the insurer and the mortgagee separate and distinct from the contractual relation between the insurer and the mortgagor. (*Hartford Fire Ins. Co. v. Olcott*, 97 Ill., 449; *City Five Cents Savings Bank v. Pennsylvania Fire Ins. Co.*, 122 Mass., 165; *Hastings v. Westchester Fire Ins. Co.*, 73 N. Y., 141.)

The defendant in error had an insurable interest at the time of the fire. (*New England Fire & Marine Ins. Co. v. Wetmore*, 32 Ill., 221; *Warren v. Davenport Fire Ins. Co.*, 31 Ia., 464; *State v. Farmers Benevolent Association*, 18 Neb., 276; *Cone v. Niagara Fire Ins. Co.*, 60 N. Y., 619; *Power v. Ocean Ins. Co.*, 19 La., 28; *Strong v. Manufacturers Ins. Co.*, 10 Pick. [Mass.], 40; *Morrison v. Tennessee Marine & Fire Ins. Co.*, 18 Mo., 262; 1 May, Insurance [3d ed.], sec. 76; Wood, Fire Insurance [2d ed.], p. 613; Richards, Insurance, sec. 26; *Grable v. German Ins. Co.*, 32 Neb., 645.)

The action was properly brought by the defendant in error. (*Waring v. Indemnity Fire Ins. Co.*, 45 N. Y., 606*; *New York Life Ins. Co. v. Bonner*, 11 Neb., 169; *Hunt v. Mercantile Ins. Co.*, 22 Fed. Rep., 503; *Gardinier v. Kellogg*, 14 Wis., 605; *Scantlin v. Allison*, 12 Kan., 85; *Stoll v. Sheldon*, 13 Neb., 207; *Roberts v. Snow*, 27 Neb., 425.)

RAGAN, C.

The Omaha Loan & Trust Company (hereinafter called the "Trust Company") sued the Phenix Insurance Company of Brooklyn, New York (hereinafter called the "Insurance Company"), in the district court of Douglas county to recover the value of certain property destroyed by fire and insured by the Insurance Company. The Trust Company had judgment and the Insurance Company brings the case here for review. The material facts in the case are: In February, 1886, One Nathaniel S. Crew was the owner of a tract of land in Buffalo county, Nebraska, on which were situate a barn and some other buildings. In

Phenix Ins. Co. v. Omaha Loan & Trust Co.

said month of February, Crew and his wife borrowed of the Trust Company \$4,000, and as an evidence thereof executed and delivered to the Trust Company their coupon bond, payable to the order of the Trust Company five years after February 1, with interest payable semi-annually, and secured the same by a first mortgage on their said real estate. By the terms of this mortgage Crew and his wife agreed to insure, and keep insured for five years, the buildings on their real estate for the benefit of the Trust Company. On the 3d day of March, 1886, the Insurance Company issued the policy sued on, insuring the buildings of Crew on his real estate against loss or damage by fire for a period of five years. The policy contained the following clauses: (a.) "If the property be sold or transferred in whole or in part without written permission in this policy, then, and in every such case, this policy is void." (b.) "When the property shall be sold or incumbered or otherwise disposed of, written notice shall be given the company of such sale or incumbrance or disposal; otherwise this insurance on said property shall immediately terminate." Attached to this policy and made a part thereof was also what is known and called among insurance men a "mortgage slip," which contained the following:

"PHENIX INSURANCE CO. OF BROOKLYN, N. Y.

"Loss, if any, payable to Omaha Loan & Trust Company, of Omaha, Neb., mortgagee, or its assigns, as its interests may appear.

"It is hereby agreed that this insurance, as to the interest of the mortgagee only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the property insured, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy.

"It is further agreed that the mortgagee shall notify said company of any change of ownership or increase of hazard which shall come to the knowledge of the said mortgagee,

and that every increase of hazard not permitted by this policy to the mortgagor or owner shall be paid for by the mortgagee on reasonable demand, according to the established scale of rates, for the whole term of use of such increased hazard.

"It is also agreed that whenever the company shall pay the mortgagee any sum for loss under this policy and shall claim that, as to the mortgagor or owner, no liability therefor existed, it shall at once be legally subrogated to all the rights of the mortgagee under all the securities held as collateral to the mortgage debt, to the extent of such payment; or at its option may pay to the mortgagee the whole principal due or to grow due on the mortgage, with interest, and shall thereupon receive a full assignment and transfer of the mortgage and all other securities held as collateral to the mortgage debt; but no such subrogation shall impair the right of the mortgagee to recover the full amount of its claim.

"Date, March 3, 1886.

"JOHN H. ROE, *Agent.*"

The policy with the "mortgage slip" attached, upon its issuance, was delivered to the Trust Company, and has ever since been owned and held by it. The bond and mortgage executed by Crew to the Trust Company was in April, 1886, by it sold and assigned to one Huey, the Trust Company guarantying the collection of the principal and the prompt payment of the coupons of said mortgage loan. On the first day of April, 1886, Crew and wife sold and conveyed their real estate to one Platter. For the purposes of this case we take it as established by the evidence that no notice, written or otherwise, of this conveyance was given to the Insurance Company, either by Crew or Platter or the Trust Company, though the latter knew thereof soon after it occurred, until after the property insured had been destroyed, which occurred on the 27th day of April, 1889. On the 12th day of October, 1889, the Insurance

Company having refused to pay the loss, the Trust Company brought this suit, and on the 1st day of February, 1891, in pursuance of its contract of guaranty with Huey, the mortgage loan being due on that date, paid off and took up the mortgage loan, and owned and held it at the date of the trial of this case, December 30, 1891. The amount at that date due and unpaid on the loan being about \$3,000, such amount being largely in excess of the value of the insured property destroyed by fire.

To reverse the judgment rendered in this case counsel for the Insurance Company make three arguments in this court:

1. It is contended that as Crew sold and conveyed the premises on which was the insured property without the written consent of the Insurance Company to such sale being indorsed on the policy, and as neither Crew nor Platter furnished the Insurance Company any written notice of such conveyance, the policy had become void and was not in force even as to the Trust Company at the time of the loss sued for. This argument is based upon the theory that the right of the Trust Company depends upon the observance of the stipulations of the policy by Crew; that the Trust Company cannot enforce the policy if Crew could not. We do not agree with this contention. The Trust Company is not here as the mere assignee of the insurance policy issued to Crew, nor is it here simply as the person appointed to collect the loss for Crew. We are not concerned in this case with the question as to whether Crew has forfeited his rights to enforce the policy. It may be that by reason of his sale of the property without the written permission of the Insurance Company thereto indorsed on the policy, so far as he is concerned, the policy from that moment ceased to be of any effect. It may be by reason of the failure of Crew and Platter to give written notice to the Insurance Company of the conveyance of the property to Platter, that neither of them

can enforce the policy. However this may be, it does not follow that because Crew, by his conduct, has precluded himself from enforcing the policy, that therefore the Trust Company has. As we view it, the Insurance Company, by its policy, agreed with Crew to insure his property on certain terms and conditions, and in case it was destroyed by fire, to make good the loss and damage. This is not all the Insurance Company agreed to do in this policy. It also in this policy contracted and agreed with the Trust Company that it would pay to it, or its assigns, whatever loss or damage the insured property might suffer from fire within the life of the policy. This contract with the Trust Company was a separate and independent contract from the one entered into between Crew and the Insurance Company; and the right of the Trust Company to enforce it does not depend upon whether Crew has kept his engagements with the Insurance Company.

In *Hastings v. Westchester Fire Ins. Co.*, 73 N. Y., 141, the facts were: Stout and husband executed a mortgage to Hastings for \$14,000, and on the same day the insurance company issued to Mrs. Stout a policy of insurance on the mortgaged property, insuring it for three years in the sum of \$10,000. This policy contained a provision that in case any other insurance should be taken out on the insured property, the assured should be entitled to recover of the Westchester company no greater proportion of the loss sustained than the sum insured by it bore to the whole amount of insurance effected on such property. The policy also contained a provision that the loss, if any, should be payable to Hastings, the mortgagee; and the policy also contained a provision almost identical with the one contained in the "mortgage slip" attached to the policy in suit. After this policy was issued Mrs. Stout procured \$4,000 additional insurance on the property. The insured property was destroyed by fire, the loss amounting to \$9,832.52. Hastings, the mortgagee, and to whom the

Phoenix Ins. Co. v. Omaha Loan & Trust Co.

loss under the Westchester policy was payable, claimed the entire amount of this loss from that company. The Westchester company resisted this, claiming that by reason of the additional insurance procured on the property by Mrs. Stout, it was only liable for ten-fourteenths of the total loss. Miller, justice, delivering the opinion of the court of appeals of New York, said: "It is claimed, however, by the appellant's counsel that the policy was an insurance of the interest of the owner of the property solely; that such owner was the assured, and the defendant only agreed to make good the loss of such owner, and inasmuch as another policy existed at the time in favor of such owner, although entirely unknown to both the plaintiffs and the defendant, the latter was entitled to the benefit of the condition contained in its policy, which declares that in case of any other insurance, * * * the assured is entitled to recover no greater proportion of the loss sustained than the sum insured bears to the whole amount insured thereon. This position cannot, I think, be maintained. Prior to the time when the mortgage clause was entered upon the policy, the word 'assured' referred to the owner, and it is hardly to be assumed that the mortgagees would have accepted such a provision if there was any reason to suppose that they would be affected by any prior insurance. They would, no doubt, have demanded a separate policy as mortgagees, instead of trusting to the hazard and uncertainty of pursuing a remedy upon a policy of which they had no knowledge, and against a company to which they were strangers, and in regard to whose responsibility they had no information whatever. The legal effect of the mortgage clause was that the defendant agreed that in case of loss it would pay the money directly to the mortgagees; and they were thus recognized as a distinct party in interest. It created a new contract from that time with the mortgagees, the terms of which most clearly indicate that it had no relation to the application of the condition referred to. The insurance had

been to the owner, and the additional provisions, which were incorporated in the policy by the mortgage clause, created a distinct contract with the mortgagees. It was an independent agreement partaking in no sense of the character of an assignment of a policy of insurance, but one in which the mortgagees were recognized as a separate party, having distinct rights, and entitled to receive the full amount of insurance money, without any regard whatever to the owner of the property. The meaning of the word 'assured' has not been changed by the addition of the mortgage clause, the object of which evidently was to protect the mortgagees against the effect of the provision in which that word is employed. The interest of the latter was distinct and separate when this change in the policy was made, and the intention of the parties was, beyond question, to insure the plaintiffs under a new contract. Any different interpretation would lead to great injustice, and place the mortgagees under the control and at the mercy of the owner, by changing the character of the defendant's liability, which might operate to prevent the indemnity which the defendant intended to provide. If the condition referred to was in force either before or after the arrangement, the owner might effect other insurance, and thus jeopard the rights, if not entirely control the security, of the plaintiffs."

All that is said by Miller, justice, in the Westchester case is applicable to the case at bar. In this case the Insurance Company by the "mortgage slip" stipulated that the rights of the Trust Company should not be invalidated by any act or neglect of the mortgagor or owner of the insured property. Reading the entire policy together, the only reasonable construction that can be placed upon it is that it was never the intention of the Insurance Company or of the Trust Company that the rights of the latter should be made in any manner to depend upon any act or omission of Crew, the mortgagor and original owner of the insured property.

Phoenix Ins. Co. v. Omaha Loan & Trust Co.

In *Westchester Fire Ins. Co. v. Coverdale*, 29 Pac. Rep. [Kan.], 682, a policy substantially like the one in controversy here, was considered by the supreme court of Kansas, and in deciding the rights of a mortgagee to whom, by a "mortgage slip" attached to the policy, the loss was made payable, that court said: "The mortgage clause [slip] * * * created an independent and a new contract, which removes the mortgagees beyond the control or the effect of any act or neglect of the owner of the property, and renders such mortgagees parties who have a distinct interest, separate from the owner, embraced in another and a different contract. The tendency of the recent cases is to recognize these distinctions, and thus protect the rights of the mortgagee, when named in the policy; and the interest of the owner and of the mortgagee are regarded as distinct subjects of insurance."

In *City Five Cents Savings Bank v. Pennsylvania Fire Ins. Co.*, 122 Mass., 165, the supreme court had under consideration a policy substantially like the one in suit, and in discussing the rights of a mortgagee to recover on the policy notwithstanding the violation of its terms by the owner, said: "The [insurance] company has made a special contract with the plaintiff, by the fair construction of which we think it is entitled to recover the whole loss proved in this case, it being less than its debt. The [insurance] company has agreed that 'no sale or transfer of the property hereby insured shall vitiate the right of the mortgagee to recover in case of loss.' A necessary consequence of a sale and transfer of the property is that the purchaser has a right to insure his interest. Such right is an incident of his ownership. The object of the special stipulation, which the mortgagee took care to procure, was to secure the insurance of its interest as mortgagee and to avoid its defeat by any sale or transfer of the property; and by a fair interpretation of the contract it means that its right to recover shall not be vitiated by any of the natural conse-

quences or incidents of a sale or transfer. Otherwise the stipulation is of very slight value to the mortgagee."

In *Hartford Fire Ins. Co. v. Olcott*, 97 Ill., 439, the facts were: The owner of property procured a policy of insurance on the buildings thereof in his own name, for his own benefit, and for the benefit of a bank to which he owed a debt secured by a mortgage on the insured property. This mortgage required the owner to insure the property for the benefit of the bank. The policy provided that in case of loss the insurance company should pay the amount of it to a trustee named in the mortgage, for the benefit of the bank or the holder of the note. The policy also provided that the owner might procure additional insurance, but that in case he did so, and loss occurred, he should not be entitled to recover of the Hartford Insurance Company any greater proportion of the loss than the amount insured by its policy bore to the whole sum insured. The policy also provided that in case of loss and a failure of the insurance company and the insured to agree upon the amount thereof, the controversy should be submitted to arbitration. There was a mortgage clause or "mortgage slip" attached to the policy containing substantially the provisions of the "mortgage slip" made a part of the policy in controversy here. The owner of the property procured additional insurance thereon. A loss occurred, and the owner and the insurance company arbitrated the amount thereof. The insurance company having refused to pay the amount of loss to Olcott, the trustee in the mortgage held by the bank, this suit resulted. The supreme court of Illinois decided that the owner and the bank held distinct interests under the policy, it being in substance two contracts; that the owner in a suit on the policy for a loss would be limited to a recovery of a *pro rata* share of the company, when prorated with the amounts of the subsequent policies, and would be bound by his act of submitting the amount of damages to appraisal;

but the bank, in a suit by it or its trustee, would not be limited to a recovery of the insurance company's prorated share, with the other companies issuing the subsequent policies, nor would it be bound by the selection of appraisers in which it did not join, and that it had no control over the acts of the mortgagor and was not bound by his acts or neglect. In the case at bar, if the Trust Company was suing simply as the assignee of Crew, then its right to recover would depend upon whether Crew could recover; or if, by the insurance policy, the Trust Company had been named as a party to whom the loss should be paid, as the agent or trustee of Crew, then its right to recover would depend upon whether Crew could enforce the policy; but the Trust Company does not stand in either of these relations in this case. It had an interest in the assured property, in that it had a lien upon it and stands here to enforce rights of its own under the contract between it and the Insurance Company.

2. As already stated, one of the terms of the policy, or the "mortgage slip" made a part thereof, was that the Trust Company would notify the Insurance Company of any change of ownership of the insured property or increase of hazard thereto which should come to the knowledge of the Trust Company. The Trust Company learned of the conveyance of the property by Crew to Platter soon after it occurred, but neglected to notify the Insurance Company thereof. The second argument of counsel for the Insurance Company is that because of the failure of the Trust Company to notify the Insurance Company of the change of ownership of the insured property, the Trust Company has lost its right to enforce the policy. It is not claimed that the transfer of the property in any manner increased the hazard of the risk. So we have the question as to whether the neglect of the Trust Company to notify the Insurance Company that Crew had conveyed the property worked a forfeiture of the rights of the Trust

Company to enforce the policy. The policy does not provide when the mortgagee shall give this notice, nor is there any provision in the policy or "mortgage slip" to the effect that in case the mortgagee comes into possession of knowledge that the hazard of the risk has been increased or that the property has been conveyed, and neglects to notify the Insurance Company thereof, that the policy shall therefore be void. We are not prepared to say that such a provision could be enforced if it was contained in the policy. There is no claim here on the part of the Insurance Company that it has suffered any injury or damage by reason of the neglect of the Trust Company in this respect. The Insurance Company has received a premium for carrying this risk for five years, and we do not think that it should be allowed to escape compliance with its contract because the Trust Company has neglected to perform an immaterial promise on its part, and which neglect of the Trust Company has worked no injury whatever to the Insurance Company. (*Hastings v. Westchester Fire Ins. Co.*, 73 N. Y., 141.)

3. The third point relied upon by counsel for the Insurance Company for reversing this case is that this suit was not brought in the name of the real party in interest. We have already seen that the policy contained a separate and independent contract between the Insurance Company and the Trust Company, and that the Trust Company had an interest in the insured property. By the terms of this contract the policy, when issued, was delivered to the Trust Company and it has never parted with its possession or the title to it since. "Where, by a policy of fire insurance, a portion of the loss is made payable to a third person as his interest may appear, the language imparts an interest in the property in such third person to the extent of his interest; the insurance is for his benefit, and he or his assignee may maintain an action upon the policy in case of loss." (*Pitney v. Glens Falls Ins. Co.*, 65 N. Y., 6.) In this case

Phoenix Ins. Co. v. Omaha Loan & Trust Co.

Crew, had he never conveyed the insured property, could not have maintained an action against the Insurance Company to recover this loss, at least, without showing that he had paid and discharged the mortgage debt. (*Westchester Fire Ins. Co. v. Coverdale, supra.*) At the time the suit was brought Huey, the owner of the mortgage debt, may have been a proper party plaintiff; but that question was not raised in the court below and is not raised here. Furthermore, Huey, by assigning the mortgage debt to the Trust Company during the pendency of the action, parted with all his interest, if he had any, in the subject-matter of this action and disqualified himself from being a party thereto. The Trust Company, by assigning the mortgage debt to Huey, did not thereby assign him the insurance policy, nor part with their interest in it, nor their right to enforce it. As the Trust Company guarantied the collection and payment of the mortgage debt, it still had such an interest in the insured property as entitled it in case of a loss to sue for a recovery; and at the time the judgment was rendered, the only party that could have maintained this action was the Trust Company. (*Blackwell v. Insurance Co.*, 48 O. St., 533; *Cone v. Niagara Ins. Co.*, 60 N. Y., 619; *Weed v. Hamburg-Bremen Fire Ins. Co.*, 31 N. E. Rep. [N. Y.], 231; *Westchester Ins. Co. v. Coverdale*, 29 Pac. Rep. [Kan.], 682.)

There is no error in the record and the judgment of the district court is

AFFIRMED.

GEORGE F. MUNRO V. DELIA A. CALLAHAN.

FILED SEPTEMBER 19, 1894. No. 5505.

41	849
55	76
41	849
61	808
41	849
62	427a

1. **Bastardy: JURISDICTION OF JUSTICE OF THE PEACE.** A justice of the peace has no jurisdiction to try and determine the guilt or innocence of a party charged with being the father of a bastard child.
2. **A bastardy proceeding is essentially a civil proceeding, and can only be tried on its merits in the district court.**
3. **Bastardy: EXAMINATION BEFORE JUSTICE OF THE PEACE: EVIDENCE.** The examination by a justice of the peace of a person charged with being the father of a bastard child is in no sense a trial of the merits of the controversy; and the statute does not contemplate the taking of any testimony in such proceeding on behalf of the party accused. *Daly v. Melendy*, 32 Neb., 852, followed and reaffirmed.
4. **The deposition of a witness, who resides in the county where an action originated and is being tried, cannot be read in evidence until it is made to appear that such witness is absent from the county, or by reason of age, infirmity, imprisonment, or death is unable to attend in person at the trial.** *Everett v. Tidball*, 34 Neb., 803, followed and reaffirmed.

ERROR from the district court of Douglas county. Tried below before DAVIS, J.

Saunders & Macfarland, for plaintiff in error.

John F. Cromelien and Gurley & Marple, contra.

RAGAN, C.

On the 26th day of October, 1891, Miss Delia A. Callahan swore out a complaint before A. J. Hart, a justice of the peace in and for Douglas county, against George F. Munro, charging him with being the father of her unborn bastard child. The justice of the peace in due time proceeded to a hearing of the complaint against Munro, found

Munro v. Callahan.

him not guilty, and discharged him. Subsequently Miss Callahan swore out another complaint before another justice of the peace against Munro, charging him with being the father of her unborn bastard child. A change of venue was taken from this latter justice to another, where an examination of Munro on said charge was had, which resulted in the justice binding Munro in a recognizance to appear at the next term of the district court to answer the charge preferred by Miss Callahan. On the examination of Munro by this last named justice he offered to testify on his own behalf, but the testimony was refused by the justice. In May, 1892, Munro was tried in the district court on the charge of being the father of Miss Callahan's bastard child, found guilty of the charge by the jury, and from the judgment pronounced against him in that action he prosecutes a petition in error to this court.

1. The errors assigned and argued in the brief are as follows: On the trial in the district court Munro pleaded, in bar to the action, the proceedings had before Justice Hart, resulting in his discharge. The refusal of the district court to sustain this plea is the first error assigned here. The contention of counsel for Munro is that the proceeding had before the justice of the peace was a trial of Munro for the offense of which he was convicted in the district court, and as he was acquitted by the justice of the peace, that he could not be tried again. A justice of the peace has no jurisdiction to try and determine the guilt or innocence of a party charged with being the father of a bastard child; and the judgment of a justice of the peace that a person charged with being the father of a bastard child is guilty or innocent of the offense is a nullity. The duties of a justice of the peace in such cases are prescribed by chapter 37 of the Compiled Statutes, 1893, entitled "Illegitimate Children," and are, for the most part, ministerial. He may receive the complaint, docket the case, issue his warrant, and cause the arrest of the party accused,

and take in writing the examination of the complainant; and then, unless the party charged shall pay or secure to the complainant such sum of money or property as she may agree to receive in full satisfaction, and give bond to the county commissioners of the county in which such complainant resides, to save such county free from all charges towards the maintenance of such child, the justice must bind such accused party in a recognizance to the district court. A bastardy proceeding is essentially a civil proceeding and can only be tried on its merits in the district court.

2. In the district court Munro filed a motion to dismiss the proceeding for the reason that in the examination had before the justice of the peace, who recognized him to appear in the district court, such justice refused to allow him, Munro, to testify in his own behalf. The overruling of this motion by the district court is the second error assigned here. The examination by a justice of the peace of a person charged with being the father of a bastard child is in no sense a trial of the merits of the controversy. The statute on the subject does not contemplate the taking of any testimony on behalf of the party accused. (*Daly v. Melendy*, 32 Neb., 852; Compiled Statutes, 1893, sec. 1, ch. 37.)

3. On the trial in the district court Munro offered to read in evidence in his own behalf, the deposition of one Stockman. Stockman was a resident of Douglas county. The refusal of the district court to permit this deposition to be read is the third error assigned here. Section 372 of the Code of Civil Procedure provides: "The deposition of any witness may be used only in the following cases: First—When the witness does not reside in the county where the action or proceeding is pending, or is sent for trial by change of venue, or is absent therefrom. Second—When, from age, infirmity, or imprisonment, the witness is unable to attend the court, or is dead. Third—When

Munro v. Callahan.

the testimony is required upon a motion, or in any other case where the oral examination of a witness is not required." The witness Stockman resided in Douglas county, where this case was on trial. Munro made no proof, at the time he offered this deposition, that Stockman was absent from said Douglas county, or that by reason of age, infirmity, imprisonment, or death Stockman was unable to attend in person at the trial. The court, then, committed no error in excluding this deposition. (*Everett v. Tidball*, 34 Neb., 803.)

4. The fourth error alleged is that the court erred in giving paragraph No. 4 of its charge to the jury. We cannot review this error, if error it was, because not assigned as an error in the petition in error filed in this court.

5. The fifth error assigned is that the court erred in refusing to give instructions 2 and 3 asked for by the plaintiff in error. We cannot review this assignment, because no exception was taken by Munro to the refusal of the district court to give these instructions.

6. The sixth assignment is that the district court erred in overruling Munro's motion for a continuance of the case. We cannot review this ruling of the district court, because it is not assigned as error in the petition in error filed here.

7. The seventh assignment of error alleged in the brief of counsel is that the verdict is unsustainable by the evidence. The evidence is very conflicting, and without quoting it or any of it here, it must suffice to say that it supports the finding of the jury.

The judgment of the district court must be, and is,

AFFIRMED.

SAMUEL N. BELL, APPELLANT, V. AUGUSTUS F. BOSCHE
ET AL., APPELLEES.

41	853
48	736
41	853
53	421

FILED SEPTEMBER 19, 1894. No. 5345.

1. **Mechanics' Liens: STATEMENT: DESCRIPTION OF PROPERTY.**

One who claims the benefits of the mechanics' lien law must show a substantial compliance with each essential requirement thereof, one of which is that the sworn statement to be filed shall contain a description of the land upon which the labor was done or material was furnished for the purpose contemplated by such law. A description of property in such statement which is entirely inapplicable to the land actually benefited cannot be made effective to any extent for the purpose of subjecting the land actually built upon to the operation of the lien claimed. *Holmes v. Hutchins*, 38 Neb., 601, followed.

2. ———: ———: ———: **SUBSEQUENT PURCHASERS OF LAND:**

This rule holds good as well in favor of one who was the owner of the land at the time the improvements were erected as in favor of a subsequent purchaser.

3. **Estoppel.** Whether under certain states of facts the owner might not be estopped from urging the error in the statement as a defense to the lien, *quære*.

APPEAL from the district court of Douglas county.
Heard below before DOANE, J.

Howard B. Smith, for appellant.

Hall & McCulloch and *Kennedy & Learned*, contra.

IRVINE, C.

This is an appeal by Bell from a decree denying a mechanic's lien which he sought to foreclose against property alleged to belong to the defendant Bosche. The conclusion reached upon one of the questions presented renders a statement or decision of the others unnecessary.

The petition alleged that the building, out of the erec-

Bell v. Bosche.

tion of which plaintiff's claim accrued, was situated on lot 12, block 1, Poppleton Park, an addition to Omaha, but by mistake the premises were described in the claim of lien as the north half of lot 13, block 11, Poppleton Park; that this mistake was caused by a misdescription of the property given to plaintiff by Bosche, willfully and for the purpose and intention of misleading the plaintiff in filing his lien. The answer placed these allegations in issue. We are satisfied from an examination of the evidence that the plaintiff wholly failed to establish the allegations by which he sought to relieve himself from the effect of the erroneous description and procure a reformation of the lien. The plaintiff testifies that he remembers distinctly that he asked Bosche for a description of the lot before any work was done, and this for the purpose of obtaining a permit to erect the building. Further, "I recollect distinctly that Mr. Bosche told me the building was to be erected on the north half of lot 13, in block 1, in Poppleton Park." But the lien as filed described the north half of lot 13, in block 11, in Poppleton Park; so that if all Mr. Bell says be true, he did not rely upon the description given him by Bosche and did not follow it. Mr. Bosche asserts that he never gave Bell any description of the property. Bell testifies that the claim of lien was prepared under the instructions of Mr. Walz, his foreman, during Bell's absence, and that on his return Bell, supposing Walz had used the description in the permit and that it was correct, signed his name and made oath to the claim. If the mistake occurred in this way, it evinces a high degree of negligence on the part of Bell in making oath to a paper without examining it; but Walz also contradicts Bell. The evidence was clearly insufficient to establish the facts pleaded as estopping Bosche from asserting the error in description, and it is, therefore, unnecessary to consider whether or not such facts, if established, would be legally sufficient for that purpose.

We are, therefore, brought to a consideration of the

question whether, in the absence of circumstances operating by way of estoppel, a lien can be enforced on a claim which does not describe the property sought to be charged, or whether a court of equity can reform an erroneous description, it not appearing that the rights of third persons have intervened. In *Holmes v. Hutchins*, 38 Neb., 601, a similar question was considered, and it was there held that if the required statement be so defective as not to impart notice of the property sought to be charged, there survives, after four months, no right to the lien as against purchasers. In that case an effort was made to reform the description as against a purchaser after the expiration of the statutory period for filing liens, and the language of the court is confined to the question presented; but the authorities there cited in support of the conclusion reached, that there can be no such reformation, draw no distinction between cases where new rights have accrued and others. Indeed, so far as the facts appear, in none of these cases were there intervening rights. To the cases referred to in *Holmes v. Hutchins* may be added *Goss v. Strelitz*, 54 Cal., 640; *Vreeland v. Boyle*, 37 N. J. Law, 346; *Dearie v. Martin*, 78 Pa. St., 55; *Drake v. Green*, 48 Kan., 534. All were cases against the original owner, at least so far as the reports show. In *Goss v. Strelitz*, *supra*, the reason which prevents a reformation is stated to be that the instrument is not in the nature of a contract to be reformed in appropriate cases, but a prerequisite to the maintenance of a proceeding giving an extraordinary remedy, to secure the benefit of which the plaintiff must comply with the terms on which the statute affords him relief. In *Vreeland v. Boyle*, *supra*, this reason is supplemented by showing that the claim is not a pleading or proceeding which may be amended under statutes relating to procedure. We hold, therefore, that a substantial compliance with those provisions of the statute relating to the filing of a sworn statement is a prerequisite to the enforcement of a mechanic's lien, and that where the state-

Lichtenberger v. Worm.

ment filed is so defective as not by its terms to impart notice as to the property sought to be charged, such defective statement cannot be reformed, after the expiration of the period allowed for filing such claims, and that no lien attaches, even as against the owner at the time the labor was performed or the material furnished. This is true at least when no facts exist sufficient upon general principles to constitute an estoppel against the owner. The claim of lien being radically defective, the decree of the district court was right and is

AFFIRMED.

MAMIE LICHTENBERGER ET AL. V. ERNEST WORM.

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FILED SEPTEMBER 19, 1894. No. 5411.

1. Review of Ruling on Motion to Set Aside Default.

Where a default has been regularly entered against a defendant, personally served with summons, it is largely within the discretion of the court to say whether he shall be permitted to come in afterwards and make defense; and unless it be made to appear that there has been an abuse of discretion by the court below, in this particular, this court will not interfere. *Mulhollan v. Scoggin*, 8 Neb., 202, and *Bernstien v. Brown*, 23 Neb., 64, followed.

2. Practice: ORDER TO FILE ANSWER: DEFAULT: REVIEW.

The defendants appeared after answer day and filed a demurrer without leave. The plaintiff moved for a default. The court did not enter a default, but gave defendants leave to answer in two days. *Held*, That the condition imposed of filing an answer within a short time was a reasonable exercise of discretion on the part of the trial court, at least in the absence of evidence of any of the circumstances surrounding the case.

3. Trial: PROCEDURE IN TRIAL COURT: PRESUMPTIONS OF REG-

ULARITY: REVIEW. It is the duty of the district court to afford to defendants a full opportunity to present their defense, but it is also its duty to prevent unnecessary delays and discour-

Lichtenberger v. Worm.

age frivolous proceedings. In reviewing orders affecting the procedure in a case this court will presume, in the absence of evidence to the contrary, that the district courts have acted with due regard to both principles.

ERROR from the district court of Douglas county. Tried below before KEYSOR, J.

John P. Davis and Phil S. Winter, for plaintiffs in error.

V. O. Strickler, contra.

IRVINE, C.

The judgment sought to be reversed was entered upon the default of the plaintiffs in error, and the errors assigned relate to the action of the court in entering the default, and in refusing thereafter to set it aside and permit the plaintiffs in error to defend.

The record discloses the following facts: The action was begun in an inferior court, and was appealed to the district court by the plaintiffs in error. The date of filing the transcript in the district court does not appear, but on January 7, 1892, the defendant in error filed his petition. February 5, plaintiffs in error filed a demurrer. February 6, the case came before the court on a motion for default and the plaintiffs in error were given, on their own application, leave to answer in two days. February 13, their default was entered. February 25, a motion to set aside the default was filed. February 27, an order appears sustaining the demurrer and giving leave to the defendant in error to amend his petition in ten days. April 9, the defendant in error filed his motion to set aside the order of February 27, because the demurrer had been filed after the motion for default; because of the order requiring an answer to be filed, the failure to comply with that order and the entry of default before the demurrer was heard; and for the further reason that the order sustaining the demurrer was procured

Lichtenberger v. Worm.

by bringing the case before another judge and concealing from him the fact of the default. The motion also asked that the demurrer be stricken from the files. This motion was sustained. April 27, the motion of plaintiffs in error to set aside the default was overruled, and the following day judgment was entered. Thereafter a motion was filed, styled "a motion to reconsider," but which was in effect a motion for a new trial. This motion was overruled. It would appear that affidavits were filed in support of these various motions, but they are not incorporated in a bill of exceptions and for that reason cannot be considered. We must, therefore, assume throughout that where the motions depended upon facts not appearing by the record, the trial court was justified by the proof presented in the finding arrived at.

It has been said in several cases that it is the duty of the trial court to permit defendants to answer upon proper terms at any time before judgment where it is made to appear that they have a meritorious defense. (*Blair v. West Point Mfg. Co.*, 7 Neb., 146; *Haggerty v. Walker*, 21 Neb., 596.) As said by Judge COBB in *Clutz v. Carter*, 12 Neb., 113, "it is the spirit and policy of the law to give every party an opportunity to prosecute or defend his case in court, and courts will never deny such right except for the fault or gross laches of such party or his authorized attorney." In this case, however, no answer was tendered or showing of meritorious defense presented, and the refusal of the court before judgment to set aside the default was, therefore, not erroneous within the rule stated in the cases cited. Indeed, the statement made in those cases must be regarded rather as a rule to guide the exercise of discretion by district courts than an absolute rule of law governing the review of cases by this court, because it has been distinctly decided that where a default has been regularly entered it is largely within the discretion of the trial court to say whether the defendant shall be permitted to come in afterwards and make his defense, and unless an abuse of discretion be made

to appear this court will not interfere. (*Mulhollan v. Scoggin*, 8 Neb., 202; *Bernstien v. Brown*, 23 Neb., 64.) Certainly no abuse of discretion appears in this case, where no defense to the merits is shown and where we have not before us the evidence, if any, offered to exculpate plaintiffs in error from the inference of laches.

It would seem that the demurrer filed out of time remained undisposed of when the plaintiff's application for a default was made. It is argued that the court erred in making any order in support of this application under such circumstances. In this aspect the case closely resembles that of *Dewey v. Lewis*, 12 Neb., 306, where it was held that it must be presumed that the attention of the court was never called to the application pending upon the files at the time of the later action; but aside from this presumption, the order made amounted to a refusal to enter a default, with a condition imposed that the plaintiffs in error answer within two days. The condition is the only part of the order of which plaintiffs in error can complain, and the demurrer not having been filed until after rule day, it does not appear that the court abused its discretion in requiring an answer within a short time as a condition for refusing to strike the demurrer and enter a default. While it is the policy of our practice to afford a full opportunity for making a defense, and for this purpose to give full relief against slight or technical omissions, it is, on the other hand, the duty of the courts to prevent unnecessary delays in the prosecution of actions and to guard against dilatory and frivolous proceedings. In the absence at least of a showing to the contrary it will always be presumed that the trial judge, in disposing of such matters, has acted with a due regard to both of these principles.

JUDGMENT AFFIRMED.

NEWMAN ERB, RECEIVER, V. FRANK G. EGGLESTON.

FILED SEPTEMBER 19, 1894. No. 5221.

1. **Negligence: RAILROAD COMPANIES: PERSONAL INJURIES.**
Negligence on the part of a railroad company cannot be inferred merely from the fact that the act complained of was unnecessary, nor from the fact that a necessary act was performed in an unnecessary manner. In order to justify the inference of negligence the commission of the act in the manner in which it was committed must, under all the circumstances, have implied a failure to exercise that degree of care which a prudent person would exercise under similar circumstances.
2. ———: **EVIDENCE.** The evidence in this case examined, and held insufficient to establish negligence on the part of the defendant.

ERROR from the district court of Gage county. Tried below before APPELGET, J.

M. Summerfield and Griggs, Rinaker & Bibb, for plaintiff in error.

Alfred Hazlett and W. C. Le Hane, contra.

IRVINE, C.

Eggleston, a brakeman employed on the Kansas City, Wyandotte & Northwestern railroad, brought this action against the plaintiff in error, a receiver operating said road, for personal injuries by Eggleston sustained while engaged in his work. There was a verdict and judgment in favor of Eggleston for \$16,000, which the receiver by these proceedings seeks to reverse. The only assignment which we shall consider is that the evidence was insufficient to support the verdict.

There is no conflict in the evidence, so far as it relates to the principal facts surrounding the accident, and there is no great conflict in regard to the details. Eggleston had

been employed by the receiver as a brakeman for about three weeks. He had had about two years' experience on other roads in the same line of duty. A freight train, designated as "No. 104," left Beatrice at 6:40 P. M. for Kansas City. The crew of this train consisted of a conductor, engineer, fireman, and two brakemen, Eggleston being the "rear brakeman," by which we understand the brakeman posted at or near the rear of the train. The Wyandotte road was operated from Virginia to Beatrice on the tracks of the Chicago, Rock Island & Pacific, but it had in Beatrice certain side tracks of its own connected by switches with the Rock Island tracks. On the afternoon of October 8, 1890, the engineer, fireman, and two brakemen were engaged in making up train 104, some time prior to the hour of its departure. When the operation begun, the conductor was not present. There is evidence tending to show that he arrived on the scene immediately before the accident, but he took no part in the operations of the crew and gave no orders. In making up this train it was customary, after moving the engine from the roundhouse, to pull out from a side track the caboose which was to go with the train, throw the caboose back along another track, and then proceed to pick up the other cars and move them back and attach them to the caboose. On the day in question caboose No. 408, which was to go with the train, stood upon the storage track behind another caboose, No. 409; both cabooses were, therefore, hauled from the storage track upon the main line. Caboose 408 was then shoved back along the main line beyond the switch. It next became necessary to replace caboose 409 on the storage track. It is shown to be a common proceeding in order to accomplish such a movement to "kick" the car back upon the siding. This operation of "kicking" is described in the evidence as follows: The car to be kicked standing between the engine and the switch, the switch is thrown to the proper position, the car uncoupled from the

Erb v. Eggleston.

engine and the engine started, shoving the uncoupled car as it moves. When sufficient momentum has been given the car to move it to the desired point, the movement of the engine is stopped and the car allowed to move on, some one riding upon the car for the purpose of applying the brakes at the proper place for stopping. By this process caboose 408 had been kicked back upon the main line, Eggleston riding upon it and applying the brakes. Having brought caboose 408 to a stop, Eggleston alighted and, proceeding towards where the engine and caboose 409 then were, he gave the signal to the other brakeman to pull the pin which connected caboose 409 with the engine. This signal is described in the testimony as a signal to kick and also as a signal indicating that Eggleston was ready to leap upon caboose 409 for the purpose of stopping it. The pin was accordingly pulled, the caboose thus disconnected with the engine, and the kicking process begun. As the car and engine approached Eggleston he gave a signal to "stop kicking." He testifies that the engine was at that time one hundred feet east of him and was moving at the rate of twelve to fifteen miles per hour. As the caboose passed him he seized the hand-holds and endeavored to mount. According to his testimony the speed of the engine had then been checked to such an extent that there was a space of from eight to ten feet between the caboose and the engine. Eggleston's hands were wrenched loose from the hand-holds and he fell upon the track behind the caboose and in front of the moving engine, which passed over him, mangling both arms so that amputation was necessary, and inflicted other severe injuries. Eggleston, when he gave the signal to stop, was so situated that the side of the locomotive cab nearest him was that occupied by the fireman. The signal to stop was, therefore, received by the fireman and communicated by him to the engineer.

The foregoing are the main facts disclosed by the evidence. These are brought out, however, with great elab-

Erb v. Eggleston.

oration and detail, and there is much testimony relating to directions, distances, time, and speed. This evidence has all been carefully examined, but in the view we take of the case it will not be necessary in this opinion to refer to it to any great extent. It is at first somewhat difficult to perceive wherein the defendant in error claims there was negligence on the part of the plaintiff in error. In order to consider the question upon the theory of the defendant in error, we shall refer to his petition and then to a summary from his brief in which he has undertaken to collect and state the facts which he claims to support his case. The petition, after a great deal mostly in the nature of inducement stating the facts not very differently from the manner in which we have stated them, proceeds as follows: "The said defendant did, then and there, so negligently and unskillfully control and manage said engine No. 10, and the brake thereto attached, that said locomotive suddenly and violently, and without notice or warning to plaintiff, was kept moving, and came rushing down upon and over this plaintiff at an unusual and unreasonable rate of speed, where this plaintiff had fallen as aforesaid, and who had not the time to throw himself therefrom and out of the danger in which he was then." This is the only allegation of negligence in the petition. An analysis of this language leads to these observations: First, the only negligence charged lies in the management of the engine and its brake; secondly, while the language is cast in an affirmative form it amounts to a charge that the negligence consisted in failing to stop the engine and in moving at an unusual rate of speed. If the plaintiff was entitled to recover at all it must be upon proof tending to establish these allegations. Passing now to the summary in the brief already referred to, we will examine it with reference to these allegations of the petition.

The defendant in error says: "First—That the plaintiff below, Frank G. Eggleston, was a brakeman in the em-

Erb v. Eggleston.

ployment of Newman Erb, receiver, and was injured through the negligence of his servants or employees." It must be observed in passing that this statement, if supported by the evidence, would in itself convey no charge of legal liability as long as the doctrine of fellow-servants retains any place in our jurisprudence. Such a state of affairs, standing alone, would rather imply freedom from liability than the contrary. But what were the facts? There is evidence tending to show that by the immediate application of all the means for bringing the engine to a stop instantly upon the giving of the signal by Eggleston the engine might have been brought to a stop before it reached the point where Eggleston fell upon the track; but some short period was required to render Eggleston's signal effective. From the position he took, this signal could not be seen by the engineer, but was necessarily communicated to the engineer by the fireman. This occupied some time, during which the engine was approaching. In the next place it is fair to presume there was some necessary movement of the engine before it was possible for the engineer to act in response to the signal. Further, the uncontradicted evidence is that the engineer did act promptly. Eggleston does not pretend to know what action was taken, but his testimony that he gave the signal immediately before starting to board the car, and that at the time he boarded it he observed an interval of eight or ten feet between the car and the engine, shows that prompt action was taken. Finally, and this is the important consideration, it appears from the uncontradicted evidence that it is not customary, and for the sake of the machinery it is not desirable, on such occasions to bring the engine to a stop by the shortest means possible. Such means are used only in the case of emergency, and it is not pretended that there was any knowledge on the part of the engine crew of the existence of such an emergency at the time of Eggleston's fall as would imply negligence in not making an emergency

stop at that time or when his fall became known. On the contrary, it is perfectly clear that at the time he fell upon the track it was too late to prevent his injury. A railroad company is not responsible for every action taken by it which was not absolutely necessary. In such cases as this it is liable only because of negligence. In order to recover it was necessary for the plaintiff to show, not that the movement of the engine was unnecessary, but that it was done under such circumstances as to imply a failure to exercise that care which a prudent man would exercise under similar circumstances. (*Omaha & R. V. R. Co. v. Brady*, 39 Neb., 27; *Omaha & R. V. R. Co. v. Clarke*, 39 Neb., 65.) So here, while the evidence is sufficient to ground an inference that there was a physical possibility of stopping the engine before it reached the spot where Eggleston fell, still we find nowhere any evidence to show that any danger was to be apprehended in failing to do so or that the action of the engineer was not that to be expected of a prudent man under like circumstances. It might be claimed in this connection that this operation of kicking a car is in itself unnecessarily hazardous, and is evidence of negligence. To this it may be answered, in the first place, that the petition charges nothing of the kind, and, in the second place, that since all the evidence, including Eggleston's, is to the effect that the maneuver was made solely in response to signals given by Eggleston himself for that purpose, therefore, if the movement of the train in that manner was in itself negligence, it was the negligence of Eggleston and not that of other employes.

The brief then proceeds: "Second—That Eggleston was working under the direction and authority of Tom Irwin, the conductor of 104, who had the right to command the movements of said freight train, and to control Eggleston and the other servants employed upon it. Third—That under the evidence and our law, Tom Irwin, the conductor, being in control and having the management of this train,

Erb v. Eggleston.

was a vice-principal to the engineer and other employes of said train." The evidence does show that Irwin was the conductor, but it also shows that this train was not being made up under his supervision. The only evidence placing Irwin in the neighborhood before the accident happened is that of Eggleston, who first says that he does not remember whether he saw him until after he was hurt, and afterwards states that Irwin boarded one end of caboose 408 as he, Eggleston, left the other end. No one pretends that Irwin was exercising any supervision over the proceedings of the other employes. From instructions given by the court it would seem that the plaintiff's precise theory upon this branch of the case was that in the absence of the conductor his duties were delegated to the engineer, and that the latter, therefore, occupied with relation to Eggleston the position of a vice-principal; but there is not one word in the record tending to show any such delegation of authority. On the contrary, the only evidence as to the relations of the different members of the crew is that of Eggleston, who says that the engineer and fireman had nothing to do with employing him or paying him, had no power to discharge him, had no power to direct him in the performance of his work, and that they never did so. His testimony shows that he, the fireman, the engineer, and the other brakeman, in making up the train, were acting in association, none as superior to any other, and that they were fellow-servants within any of the definitions of the term.

"Fourth—That the accident was not caused by the carelessness or any negligence on the part of Eggleston." This must be assumed to be true subject to the hypothesis above presented. The defect in Eggleston's case is that he failed to prove negligence on the part of the plaintiff in error. Therefore, contributory negligence is immaterial. This is true unless, as before noticed, the manner of moving the cars was in itself negligence, and in that case the move-

ment being directed by the plaintiff there was contributory negligence.

"Fifth—That Newman Erb, the receiver, did not exercise due and reasonable care in the selection of careful, responsible, and trustworthy co-employees, and that the same rule applies to Conductor Irwin." Negligence in the selection of employees is not mentioned in the petition, and should not have been submitted to the jury for that reason. Eggleston was undoubtedly very severely injured, and his condition appeals to our sympathy as it evidently appealed to that of the jury, but, so far as this record discloses, his injuries were not due to any negligence on the part of the receiver or his servants. The judgment must, therefore, be reversed and the cause remanded for a new trial.

REVERSED AND REMANDED.

JOHN C. MORROW ET UX. V. NORA A. JONES.

FILED OCTOBER 2, 1894. No. 5577.

1. **Contracts: CONSIDERATION.** Mutual promises constitute a sufficient consideration to support a contract.

2. **Statute of Frauds: DEEDS AS MORTGAGES: REDEMPTION.**

J. gave a real estate mortgage to M. to secure a loan of money, and, after the debt matured, M. brought an action to foreclose the mortgage. A decree was entered, and the property sold to R. for a sum considerably less than the debt, interest, and costs. Before confirmation, M.'s attorney in the foreclosure proceedings, on behalf of M., but without his written authority so to do, wrote a letter to J., inclosing a deed for the property, in which M. was named as grantee, and an assignment of the equity of redemption, making a proposition that if J. would execute and return the deed and assignment, she could redeem the property

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Morrow v. Jones.

at any time by paying the amount of the mortgage, costs, and interest. J. accepted the proposition, executed the deed and assignment, and returned the same to the attorney, who immediately delivered them to M., who placed the same upon record. In an action to redeem, *held*, that the proposition to J. to redeem was not within the statute of frauds, notwithstanding the attorney had not been authorized in writing by M. to make the same.

3. **Principal and Agent.** A principal must adopt the acts of his agent as a whole, and will not be permitted to retain that part which is beneficial, and reject that which is not.
4. **Parol Evidence: DEEDS AS MORTGAGES.** A deed of real estate, absolute in form, may be shown by parol to have been intended by the parties to it as a security for a debt or loan, and as between such parties, at least, the instrument will be construed to be a mortgage merely.
5. **Mortgages: DEEDS AS SECURITY.** *Held*, That the relation of mortgagor and mortgagee was not changed or destroyed by the delivery of the deed on the terms upon which it was obtained, and that the deed was taken as further security for, and not in payment of, the mortgage debt.
6. **Deeds as Mortgages: RIGHT OF REDEMPTION.** A court of equity, after ascertaining that a conveyance by absolute deed is a mortgage, will allow a mortgagor, or the person who has acquired his interest in the premises, to redeem.
7. **Limitation of Actions: MORTGAGES: REDEMPTION.** The right to redeem and the right to foreclose are reciprocal, and an action to redeem may be brought at any time before the statutory bar of ten years is complete.
8. **Mortgages: REVIEW.** When a mortgagor dies, an action to redeem from a mortgage may be maintained by the person who succeeded by the mortgagor's death to his interest in the mortgaged premises.
9. ———: **RENTS BEFORE FORECLOSURE.** A mortgagee in possession of, and occupying, mortgaged real estate before foreclosure is liable to account for the net rental value thereof, and this even though the instrument securing the debt is, on its face, an absolute conveyance.
10. **Review: BILL OF EXCEPTIONS: OMISSION OF EVIDENCE.** The finding of the amount due the mortgagee for repairs cannot be reviewed, since the evidence upon which the same was based is not contained in the bill of exceptions.

ERROR from the district court of Douglas county. Tried below before WAKELEY, J.

The facts are stated in the opinion.

James F. Morton and E. R. Duffie, for plaintiffs in error, cited: *Morgan v. Bergen*, 3 Neb., 213; *Parsons, Contracts*, secs. 21, 535; *Fry, Specific Performance*, sec. 119; *Higinbottom v. Benson*, 24 Neb., 461.

James W. Carr, contra:

A conveyance of the equity of redemption, absolute in form, may be shown by parol to have been intended as security. (*Trull v. Skinner*, 17 Pick. [Mass.], 213; *Mills v. Mills*, 26 Conn., 213; *Ryan v. Dox*, 34 N. Y., 307; *Villa v. Rodriguez*, 12 Wall. [U. S.], 323; *Brown v. Gaffney*, 28 Ill., 149; *West v. Reed*, 55 Ill., 242; *Brinkman v. Jones*, 44 Wis., 498.)

An absolute deed, accompanied by a stipulation that the estate shall be reconveyed on payment of money, is a mortgage, and the grantor has a right to redeem. (*Erskine v. Townsend*, 2 Mass., 493; *Taylor v. Weld*, 5 Mass., 109; *Carey v. Rawson*, 8 Mass., 159; *Harrison v. Trustees of Phillips Academy*, 12 Mass., 456; *Scott v. McFarland*, 13 Mass., 309; *Tower v. Felz*, 26 Neb., 713; *Russell v. Southard*, 12 How. [U. S.], 139; *Morris v. Nixon*, 1 How. [U. S.], 118; *Boyd v. McLean*, 1 Johns. Ch. [N. Y.], 582; *Ryan v. Dox*, 34 N. Y., 307; *McLaughlin v. Shepherd*, 52 Am. Dec. [Me.], 646; *Flagg v. Mann*, 2 Sumner [U. S. C. C.], 487; *Barton v. May*, 3 Sandf. Ch. [N. Y.], 492; *Lane v. Shears*, 1 Wend. [N. Y.], 433; *Walton v. Oronly*, 14 Wend. [N. Y.], 63; *Rice v. Rice*, 4 Pick. [Mass.], 349.)

Mr. Morrow, in accepting the deed from his attorney, was bound to inquire about the terms upon which it was procured. The knowledge of the attorney was the knowledge of the principal. (*First Nat. Bank of Cedar Rapids*

Morrow v. Jones.

v. Erickson, 20 Neb., 580; *Coakley v. Christy*, 20 Neb., 509.)

In making the agreement for redemption the attorney acted within his apparent power, and his principal is bound, though no express authority had been conferred upon his agent. (*Webster v. Wray*, 17 Neb., 579; *Howell v. Graff*, 25 Neb., 130; *Westerfield Bank v. Cornen*, 93 Am. Dec. [N. Y.], 573; *Joyce v. Duplessis*, 77 Am. Dec. [La.], 185; *Oberne v. Burke*, 30 Neb., 581.)

A principal must adopt the agreements of the agent as a whole, or reject them as a whole. (*McKeighan v. Hopkins*, 19 Neb., 33; *Rogers v. Empkie Hardware Co.*, 24 Neb., 653; *Taylor v. Conner*, 97 Am. Dec. [Miss.], 419; *Stadlerman v. Fitzgerald*, 14 Neb., 290.)

The contract to redeem was not within the statute of frauds. (*Vindquest v. Perkey*, 16 Neb., 288; *Robinson v. Cheney*, 17 Neb., 679; *McWilliams v. Lawless*, 15 Neb., 132; *Ives v. Hazard*, 67 Am. Dec. [R. I.], 500.)

NORVAL, C. J.

On or about the 6th day of December, 1877, one Harriet Jones, now deceased, being the owner in fee-simple of lot 1, in block 4, in Shull's addition to the city of Omaha, gave her promissory note for the sum of \$500 to John C. Morrow, one of the plaintiffs in error, and to secure the payment of said note she, together with her husband, William D. Jones, executed and delivered to said Morrow a mortgage upon said lot. On the 12th day of October, 1880, Morrow commenced an action in the district court of Douglas county to foreclose said mortgage, service of summons being made by publication, and on the 6th day of December, 1880, a decree was entered in said cause for the sum of \$625.25 and costs, and the premises were ordered sold for the payment thereof. An order of sale was thereafter issued, and on the 12th day of February, 1881, said real estate was sold to one Lewis S. Reed for \$611, that

being about \$125 less than the amount of the decree, interest, and costs. On February 16, 1881, Morrow, by his attorney, James F. Morton, filed a motion in the said cause to set aside the sale, and on the 19th day of the same month said motion was overruled by the court. Subsequently, on the 21st day of February, 1881, said Morton, who was then, and from the commencement of the suit had been, the attorney of record for the plaintiff therein, without any authority from said Morrow, wrote and transmitted by mail to said Harriet Jones a letter, inclosing therein for execution by her a quitclaim deed for said lot and a written assignment of the equity of redemption from said Harriet Jones to said Morrow. The following is a copy of said letter:

"OMAHA, NEB., February 21, 1881.

"*Harriet Jones*—DEAR MADAM: I am instructed by my client, J. C. Morrow, to write and inform you that on sale in foreclosure of mortgages of your property, the same was sold for \$611 (the appraisement was \$530), leaving a deficit on the mortgage and cost of \$125, for which we will still have a judgment against you. Since the sale we have concluded to take the property and cancel the judgment if you desire to do so by signing to Mr. Morrow your equity of redemption, and thus enable him to redeem from the purchaser. He also instructs me to say to you that at any time in the future you desire to redeem your property from him you can do so by paying amount of mortgage and costs with interest. If you desire to avail yourself of this offer, you can do so by signing and ack. the inclosed assignment of your equity of redemption and quitclaim deed to Morrow. You will acknowledge the same before the clerk of a court of record and return the same to my address, and I will send you the certificate of cancellation of mortgage. If this is done, it must be done at once, for the sale comes up for confirmation on March 5, 1881, and after the confirmation of sale, under our stat-

Morrow v. Jones.

utes, the property can no longer be redeemed, and your equity of redemption is lost to you, or any one else. If you so instruct me, I will have Judge Redick, as your attorney, appear for you in the redemption matter, and we will pay him for his services without expense to you. Be kind enough to answer at once so we can deposit the money with Judge Redick to redeem the property. I am, with much respect,

“Your ob’t serv’t,

JAMES F. MORTON,

“Att. for J. C. Morrow.”

This letter, together with the deed and the assignment of the equity of redemption, was in due time received by Harriet Jones, who accepted the proposition, and on the 28th day of February, 1881, executed and acknowledged the quitclaim deed sent to her for that purpose, returned the same to said Morton, who, upon receipt thereof, delivered the same to said Morrow, who accepted and placed the deed upon record. On February 26, 1881, the purchaser of said lot procured an order to show cause why said sale should not be confirmed, and on March 5, 1881, Morrow filed with the clerk of the district court exceptions to the confirmation, also a receipt, signed by himself, acknowledging full satisfaction of the decree of foreclosure. On the 9th day of said month said Morton, as the attorney for Morrow, wrote and transmitted by mail to said Harriet Jones another letter, acknowledging the receipt of the quitclaim deed, and urging her to execute and return the assignment sent to her with the deed. Upon the receipt of this letter Mrs. Jones executed the assignment of the equity redemption which had been previously sent her as aforesaid and returned the same to Morton, who, immediately upon the receipt thereof, delivered the assignment to Morrow, who filed the same in said cause. Subsequently the motion to confirm the sale was overruled and the sale set aside, and Morrow, in pursuance of said agreement, redeemed said lot, and claims to be the owner thereof. Im-

mediately upon receiving the deed and assignment Morrow took possession of the premises, and from thence has exercised control over the same, collecting the rents arising therefrom and applying the same to his own use. He has also paid for the making of repairs on the premises.

It further appears that said Harriet Jones obtained a divorce from said William D. Jones, and subsequently married one Harry Merriam; that on the 30th day of October, 1888, and prior to the commencement of this suit, Harriet Merriam, formerly Harriet Jones, tendered to said Morrow, and offered to pay him, the full amount due him on said mortgage, after deducting the amount of rents and profits collected by him in excess of taxes by him paid, and demanded of said Morrow a deed for said lot, who refused to receive the money or execute a deed as requested. Harriet Merriam, *née* Jones, thereupon brought this action against John C. Morrow and F. M. Morrow, his wife, to have the deed declared a mortgage and to redeem the property and compel said Morrow to execute and deliver to her a deed to said lot. After the beginning of the action, the plaintiff died, leaving Nora A. Jones, her daughter, sole and only heir at law, who was a minor over the age of fourteen years. Mary A. Elliott is the duly appointed guardian of said minor, and this action was revived in the name of said Nora A. Jones.

The trial court, upon the issues joined, made a finding that the plaintiff was entitled, and has the right, to redeem the real estate in dispute from the mortgage, on payment of such sum or sums as are due on account of the principal and interest of said mortgage, and the costs of foreclosure proceedings, and all repairs and valuable improvements made by said John C. Morrow upon said premises, after deducting all sums received or collected by him as rents for the use of the premises. The court also appointed a referee to state the account between the parties. On the coming in of the report of the referee a decree

Morrow v. Jones.

was entered confirming said report and his finding that there was due from the plaintiff to the said defendant the sum of \$859.43, and ordering, upon the payment of the said sum within sixty days by the plaintiff, together with the sum of \$100 as compensation to the defendant for collecting rents and caring for the premises, that the defendants be required to make, execute, and deliver a deed conveying said premises to said plaintiff, and the clerk of the district court was appointed a special master commissioner for the purpose of executing and delivering said deed in case the defendants should fail so to do. To reverse this decree the defendants prosecute a petition in error to this court.

It is claimed, in the first place, that no consideration passed to the plaintiff in error, John C. Morrow, for the making of the proposition or agreement, and, therefore, the promise is not binding in law. It is elementary that mutual promises constitute a good consideration for a contract. By the written proposition submitted to Mrs. Jones she was promised the right to redeem the property at any time by paying the amount of the mortgage and costs, with interest, in case she would execute a quitclaim deed to the premises and an assignment of her equity of redemption. The deed and assignment were duly executed and delivered, and they certainly constitute a valid and binding consideration for the promise and agreement made by Morrow. Without the deed and assignment he could not have redeemed the premises from the foreclosure sale, but would, in all probability, have been forced to lose \$125 of his debt. By the new arrangement he was to receive the full amount of his debt, interest, and costs, in case Mrs. Jones should redeem from the mortgage.

The second point, and the one most relied upon for a reversal, is that the promise is void under the 3d, 8th, and 25th sections of the statute of frauds, inasmuch as the proposition to redeem was made without Morrow's knowl-

edge or consent and without his written authority for so doing. The sections referred to read as follows :

"Sec. 3. No estate or interest in land, other than leases for a term not exceeding one year, nor any trust or power over or concerning lands, or in any manner relating thereto, shall hereafter be created, granted, assigned, or surrendered or declared, unless by act or operation of law, or by a deed or conveyance in writing, subscribed by the party creating, granting, assigning, surrendering, or declaring the same."

"Sec. 8. In the following cases every agreement shall be void unless such agreement, or some note or memorandum thereof, be in writing, and subscribed by the party to be charged therewith: First—Every agreement that by its terms is not to be performed within one year from the making thereof. Second—Every special promise to answer for the debt, default, or misdoings of another person. Third—Every agreement, promise, or undertaking made upon consideration of marriage, except mutual promises to marry. Fourth—Every special promise by an executor or administrator to answer damages out of his own estate."

"Sec. 25. Every instrument required by any of the provisions of this chapter to be subscribed by any party may be subscribed by his agent, thereunto authorized by writing."

It is true that Mr. Morrow gave no written authority to his attorney to make, on his behalf, the proposition he did; yet we are unwilling to yield assent to the doctrine that the agreement is for that reason void and unenforceable. By the statute of frauds, a binding contract for the sale of lands cannot be executed by an agent of the land owner, unless he be authorized by writing. (*Morgan v. Bergen*, 3 Neb., 209.) The statute does not require that a contract for the sale of lands must be signed by the purchaser or by his agent authorized in writing. An agent may contract for his principal for the purchase of land, even though his authority to do so is not in writing. In

Morrow v. Jones.

this case Morrow was the vendee, or mortgagee, and there was no necessity that his agent, Morton, should have been empowered in writing to enter into the contract for him. It is said that Morton had no authority to make the agreement, and the record so discloses; but that is unimportant, since it is undisputed that Mr. Morrow accepted the deed and assignment and placed the same upon record, thereby accepting the benefits of the proposition submitted by Mr. Morton, and ratifying his acts. A principal will not be permitted to adopt that part of a contract made by an agent which is beneficial and reject that which is not. He must adopt the acts of his agent as an entirety, or not at all. It is conceded that Mr. Morton, on behalf of his client, agreed, in unequivocal terms, that if Mrs. Jones would deed the mortgaged premises to Mr. Morrow and assign the equity of redemption to him, she could redeem the property at any time by paying the mortgage debt, with interest and costs. The proposition was immediately accepted, and, through this agreement, Mr. Morrow obtained the conveyance and assignment, and by retaining them he is bound by the terms and conditions upon which they were obtained. (*McKeighan v. Hopkins*, 19 Neb., 33; *Rogers v. Emphie Hardware Co.*, 24 Neb., 653.) It is clear that the conveyance made by Mrs. Jones, although absolute on its face, was intended and understood by the parties to be a mortgage to take the place of the one which had therefor been given, and which had already gone to a decree of foreclosure. The assignment of the equity of redemption was for the purpose of authorizing Morrow to redeem from the sale in the foreclosure suit. We entertain no doubt, and this and other courts have so declared, that a deed of real estate, absolute in its terms, may be shown by parol to have been intended by the parties as a mortgage, and as between the parties, at least, it will be construed to be a mortgage merely. (*Tower v. Fetz*, 26 Neb., 706, and cases there cited.) It therefore follows that the proposition of Morton to allow Mrs. Jones to re-

deem is not within the statute of frauds, because Morton had no written authority from his principal to make the same. A verbal agreement to reconvey upon his payment of the debt would have been binding. The relation of mortgagor and mortgagee was not changed, or destroyed, by the execution of the deed, upon the terms upon which it was obtained, it being clear that the conveyance was intended merely as a new form of security for the original debt. (*Tower v. Fetz*, 26 Neb., 706; *Brinkman v. Jones*, 44 Wis., 498; *Alexander v. Rodriguez*, 12 Wall. [U. S.], 323; *Kirchoff v. Union Mutual Life Ins. Co.*, 33 Ill. App., 607.) *Tower v. Fetz*, *supra*, is quite similar in its facts to the case before us. There the defendant in error Fetz executed a mortgage on his farm to one Fay to secure a loan of money, the loan being negotiated through the plaintiff in error Tower, who attended to the collecting of the interest. Fetz made default in the payment of his interest, and Tower being absent, wrote to one Dent, his agent, that he would assume the mortgage in consideration of a warranty deed of the farm. Thereupon Dent called upon Fetz and demanded the interest, and informed him unless some arrangement was made the mortgage would be foreclosed; that if Fetz would convey the farm to Tower, the latter would sell the same, and whatever was realized above the mortgage taxes and expenses Fetz should receive. Relying upon said promise, Fetz executed a warranty deed of the farm to Tower, who subsequently sold the land for \$1,200 over and above the mortgage. In an action by Fetz against Tower to recover said sum the deed, as between the parties, was held to be a mortgage.

It is next argued that the right of redemption should have been exercised within a reasonable time after the execution of the deed, and this action cannot be maintained, inasmuch as no offer to redeem the premises from the equitable mortgage was made until eight years had elapsed. No adjudicated case has been cited by the able and astute

counsel for plaintiffs in error to sustain the proposition, nor, after diligent search, have we been able to find such authority. We are familiar with the general rule laid down by Mr. Parsons and other writers on the law of contracts, quoted in the brief of counsel, "that when no time is specified it is a presumption of law the parties intended and agreed the thing should be done in a reasonable time;" but this doctrine cannot be invoked here. Suppose a mortgage, in express terms, as is usually the case, specifies the time within which the debt secured thereby shall be paid, would the date thus stated fix the period in which the mortgagor would have the right to redeem? Certainly not. This court has held that a mortgagor may redeem at any time before there has been a confirmation of the sale. (*Tootle v. White*, 4 Neb., 401.) Doubtless, where, as in the case at bar, a deed, absolute on its face, was given and intended as a security for a debt, an action to have the deed declared as a mortgage and to redeem will not lie after the right to foreclose is barred by the ten years statute of limitation. The rule is the right to foreclose and the right to redeem are reciprocal. Therefore, an action to redeem may be brought at any time before the statutory bar of ten years is complete. (*Seawright v. Parmer*, 7 So. Rep. [Ala.], 201; *Green v. Capps*, 31 N. E. Rep. [Ill.], 597; *Rogers v. Benton*, 38 N. W. Rep. [Minn.], 765, and cases there cited.) It follows that the plaintiff was not precluded from maintaining this action by the lapse of time.

We will next consider the objection that this action was improperly revived in the name of Nora A. Jones. As elsewhere stated, the suit was originally brought by Harriet Jones, afterwards Merriam, the grantor in the deed, and that during the pendency thereof she died intestate, leaving her surviving one child, the said Nora A., who was the deceased's sole and only heir at law, and in whose name these proceedings were revived. In the first place we remarked that neither the order of revivor, nor the pe-

tion upon which the same was based, is in the record before us. The stipulation of the parties, which is incorporated in the bill of exceptions in the case, does, however, state, *inter alia*, "that this cause of action was duly revived in the name of the said Nora A. Jones by Mary A. Elliott, her guardian." This stipulation of the parties fully meets the contention of the plaintiffs in error, and by this admission of record they are estopped to assert that the cause was not revived in the name of the proper person. But it is not necessary to, nor do we, place our decision on such technical ground alone. The right of Mrs. Merriam to redeem was not a mere personal right, running to herself alone, but was such a right as descended on her death to her heirs. When a mortgagor dies, an action to redeem from a mortgage may be maintained by any person who succeeded by his death to his interest in the mortgaged premises, whether it be heir or devisee. (*Zaegel v. Kuster*, 7 N. W. Rep. [Wis.], 781; *Barr v. Van Alstine*, 22 N. E. Rep. [Ind.], 965; *Squire v. Wright*, 48 N. W. Rep. [Mich.], 286.) Nora A. Jones, the plaintiff below, being the sole heir of the vendor and mortgagor, has such an interest in the real estate in dispute as entitles her to maintain a suit to have the deed declared a mortgage and to redeem; hence, this action was rightly revived in her name.

It is also insisted that the referee and court both erred in charging the plaintiffs in error with the rents and profits received from the real estate subsequent to the execution of the quitclaim deed. In argument it is said that from the time the deed was executed Morrow was the holder of the legal title, and entitled to the legal possession and use of the property, and at most he was only chargeable for the rents and profits for a reasonable time after the making of the conveyance. As we have already seen that, although the deed was absolute in its terms, nevertheless the relation of mortgagor and mortgagee existed between the parties to the instrument; and it is the settled law of this state, pro-

Morrow v. Jones.

mulgated in more than one decision of this court, that a mortgagee in possession of, and occupying, mortgaged premises before foreclosure is liable to account for the net rental value thereof (*Comstock v. Michael*, 17 Neb., 288), and this though the instrument securing the debt is, on its face, an absolute conveyance. (*Kemp v. Small*, 32 Neb., 318.) There was no error, therefore, in charging Morrow with the net rents and profits derived by him from the property up to the entry of the decree in the case. The court awarded him \$100 for his services in the collection of the rents, which, we think, was a very liberal allowance. We are familiar with the decision in *Higginbottom v. Benson*, 24 Neb., 461, cited by plaintiffs in error, having tried the cause in the district court. That case is clearly distinguishable from the one before us. That was an action to foreclose several junior mortgages. The senior mortgage had already been foreclosed and the property sold under the decree to one Benson, but the holders of the junior mortgages had not been made parties to the suit. Benson purchased in good faith, believing that he was acquiring a perfect title, and subsequently he took possession of the property and made valuable and lasting improvements thereon. It was held in the second foreclosure case that while Benson was entitled to credit for such improvements, he was not chargeable with the rental value of the real estate during his possession. Benson was not a mortgagee; but having become the owner of the legal title held by the mortgagor at the date the first mortgage was executed, he was not liable to account to the junior mortgagees for the value of the rents while he was in possession.

Lastly, it is urged that the referee did not allow Mr. Morrow the full amount of money expended by him for repairs on the property. The referee allowed him \$94.50 for repairs. Whether this sum is insufficient or not we are unable to decide, since the evidence upon which the referee based such finding is not incorporated in the bill of excep-

Ellsworth v. City of Fairbury.

tions before us. We must presume, therefore, that the evidence adduced supported the finding.

There being no reversible error in the record, the decree is

AFFIRMED.

ELIZABETH ELLSWORTH V. CITY OF FAIRBURY.

FILED OCTOBER 2, 1894. No. 5341.

41	881
43	737
41	881
57	911
57	568

1. **Damages: PERSONAL INJURIES: EVIDENCE: ORDER FOR PERSONAL EXAMINATION.** In an action for a personal injury a judge of the district court has no jurisdiction at chambers, outside of the county in which the cause is pending, to make an order requiring plaintiff to submit his body to a personal examination by a board of physicians appointed by the judge for such purpose.
2. ———: ———: ———: ———: **ACQUIESCENCE: WAIVER.** The making of such an order is not sufficient ground for reversing a judgment where the plaintiff has acquiesced therein by selecting a physician to act as a member of such board of examiners, by submitting to an examination without objecting thereto, and by permitting the testimony of said physicians to be given without raising the want of power of the judge to make the order.
3. ———: ———: **INADEQUACY OF VERDICT: REVERSAL.** The evidence examined, and held that the damages assessed by the jury are grossly inadequate.

ERROR from the district court of Jefferson county.
Tried below before BROADY, J.

See opinion for statement of the case.

Charles B. Rice, for plaintiff in error:

While at chambers, outside of the county where the action was pending, the district judge had no authority to

Ellsworth v. City of Fairbury.

order the examination by the physicians. (Consolidated Statutes, secs. 1057-1059.)

A court has no authority to make an order requiring a person to submit to a personal examination. (*Union P. R. Co. v. Botsford*, 141 U. S., 250, and cases cited.)

The following case was cited to show the rule as to the measure of damages: *City of Lincoln v. Smith*, 28 Neb., 762.

W. H. Barnes and C. B. Letton, contra:

The plaintiff, by selecting a member of the board of physicians, waived any error the trial judge may have committed in ordering an examination.

A judgment will not be reversed nor a verdict set aside for an error committed without prejudice to the party complaining. (*Gibson v. Sullivan*, 18 Neb., 558; *Dillon v. Russell*, 5 Neb., 489; *Eiseley v. Malchow*, 9 Neb., 181; *Village of Ponca v. Crawford*, 18 Neb., 541; *Pollard v. Turner*, 22 Neb., 366; *Brooks v. Dutcher*, 22 Neb., 644; *Wise v. Newatney*, 26 Neb., 89; *Cowles v. Thompson*, 31 Neb., 479.)

A court has authority to appoint an examining board and require a party to submit to a personal examination. (*Chicago & E. R. Co. v. Holland*, 122 Ill., 461; *Devenbagh v. Devenbagh*, 5 Paige Ch. [N. Y.], 554*; *Le Barron v. Le Barron*, 35 Vt., 365; *Parker v. Enslow*, 102 Ill., 272; *Hatfield v. St. Paul & D. R. Co.*, 33 Minn., 130; *Owens v. Kansas City, St. J. & C. B. R. Co.*, 95 Mo., 169; *Sidekum v. Wabash, St. L. & P. R. Co.*, 93 Mo., 400; *Shepard v. Missouri P. R. Co.*, 85 Mo., 629; *Miami & Montgomery Turnpike Co. v. Baily*, 37 O. St., 104; *Atchison, T. & S. F. R. Co. v. Thul*, 29 Kan., 466; *Sibley v. Smith*, 46 Ark., 275; *Richmond & D. R. Co. v. Childress*, 82 Ga., 719; *Schroeder v. Chicago, R. I. & P. R. Co.*, 47 Ia., 375; *White v. Milwaukee C. R. Co.*, 61 Wis., 536; *Stuart v. Havens*, 17 Neb., 211; *Sioux City & P. R. Co. v. Finlayson*, 16 Neb.,

Ellsworth v. City of Fairbury.

578; *Missouri P. R. Co. v. Johnson*, 72 Tex., 95; *Alabama G. S. R. Co. v. Hill*, 90 Ala., 71.)

E. H. Hinshaw, also for defendant in error.

NORVAL, C. J.

This was an action brought by plaintiff in error in the court below to recover damages for personal injuries sustained by her by falling through a defective sidewalk on Second street, in the city of Fairbury. From a verdict and judgment against the city for the sum of \$100 the plaintiff prosecutes error to this court.

Prior to the trial the attorney for the city, upon notice to the plaintiff, presented to Judge Morris at chambers in the court house, in Saline county, a motion asking him to appoint a board of physicians to make an examination of the person of the plaintiff, for the purpose of ascertaining the extent of her alleged injuries and the cause thereof. Plaintiff filed an objection to the hearing of said motion outside of the county in which the cause was pending. The judge, however, made the following order, which was entered upon the journal of the district court of Jefferson county:

"STATE OF NEBRASKA, }
JEFFERSON COUNTY. } ss.

"In the District Court thereof of the Fifth Judicial District.

"ELIZABETH ELLSWORTH, PLAINTIFF, }
v. }
THE CITY OF FAIRBURY, DEFENDANT. }

"And now on this 25th day of March, 1891, this motion coming on for hearing before me, W. H. Morris, judge of the fifth judicial district of the state of Nebraska, and it appearing that due notice has been given of the application and filing of this motion, and having read the affidavit of E. H. Hinshaw filed herewith,

Ellsworth v. City of Fairbury.

"It is ordered by me that Dr. G. W. Johnson, of Fairmont, Dr. E. L. Mitchell, of Lincoln, Dr. A. Conrad, of Crete, and one physician to be selected by each party hereto, be, and they are hereby, appointed a board of surgeons and physicians to proceed to the residence of plaintiff in this case, in Fairbury, Nebraska, and to thoroughly examine said plaintiff, and to ascertain, if possible, what disease or injury she is now suffering from, if any, and the cause thereof.

"It is further ordered that the costs and expenses attending such examination shall be paid in the first instance by the defendant in the case, and the same reported to the clerk of the district court of Jefferson county, Nebraska, to be charged up as costs in this case, and to abide the result thereof.

WM. H. MORRIS,

"Judge."

It is insisted that the district judge was without jurisdiction or authority to make the foregoing order at chambers, and especially outside of the county where the suit was pending. We think the objection is well taken. We are not aware of any statute in this state which confers power upon a district court to require the plaintiff in an action to recover damages for personal injuries to submit his body to a personal examination by a board of physicians appointed for that purpose. Whether such authority exists independent of a statutory provision upon the subject there is a wide conflict in the decisions of the courts of our sister states. It is unnecessary to express an opinion upon the question in the case under consideration, but in passing it is not improper to state that the weight of authority in this country fully sustains the power of a court, in a proper case, on application made therefor, to make an order requiring the plaintiff to submit his person to personal examination by experts selected by the court. Many of the cases so holding are cited in the brief filed by the city. Assuming, then, for the purposes of this case, that such power exists,

Kilworth v. City of Fairbury.

the question is presented whether the same can be exercised by a judge at chambers. Section 23 of article 6 of the constitution declares that "the several judges of the courts of record shall have such jurisdiction at chambers as may be provided by law." In compliance with the foregoing provision the legislature enacted sections 39 and 57 of chapter 19 of the Compiled Statutes, conferring upon the several judges of the district court certain enumerated powers when sitting at chambers; but in neither of these sections, nor in any other statutory provisions, is jurisdiction conferred upon a judge at chambers to hear and pass upon a motion like the one in the case before us. We are persuaded that the learned district judge exceeded his powers in the appointing of a board of physicians to examine plaintiff. But it is equally clear that this error does not call for a reversal of the judgment. The record discloses that no exception was taken to the order when made, but on the other hand that plaintiff acquiesced therein by selecting a physician to act as a member of the board, by submitting to an examination without objection, and permitting the physicians constituting such board to give their testimony, without seeking to take advantage of the want of power or authority of the judge to make the order. Plaintiff having voluntarily obeyed the order, and having failed to raise the question in the trial court before verdict, it is too late now to do so.

The third, fourth, and fifth assignments of error relate to the rulings of the court on the introduction of testimony; but inasmuch as they are expressly waived in the brief of plaintiff in error, they require no consideration at our hands.

The four remaining assignments in the petition in error are grouped together in the brief and argument filed by plaintiff. They all seek to raise a single proposition, namely, the damages assessed by the jury are grossly inadequate to compensate plaintiff for the pecuniary damages

Wiseman v. Ziegler.

sustained by her and proved on the trial. There is a sharp conflict in the evidence as to the extent of plaintiff's injuries. The testimony on the part of the city tends to show that they were only of a temporary character, while the plaintiff's witnesses testified that she was injured for life. We must regard the verdict as having settled that question in favor of the city, since the evidence adduced on the trial would have justified a finding either way upon that issue. It is undisputed that the average weekly earnings of plaintiff prior to the accident were from \$8 to \$10, and that since receiving the injuries up to the time of the trial, or for thirty-eight weeks, she has been wholly unable to do any work. Therefore, under the uncontradicted testimony, the verdict should have been at least \$304. The judgment is reversed and the cause remanded for a new trial.

REVERSED AND REMANDED.

HENSON WISEMAN V. JAMES C. ZIEGLER.

FILED OCTOBER 2, 1894. No. 6012.

1. **Verdict: FORM: SUFFICIENCY.** In an action to recover money the jury returned a verdict in these words: "We, the jury, duly impaneled in the above entitled cause, do find for the plaintiff, James C. Ziegler, and assess his damages in the sum of \$38.59, and interest at seven per cent," held sufficiently certain to sustain a judgment thereon for plaintiff for \$38.59.
2. **Instructions: EXCEPTIONS: REVIEW.** An exception is necessary to the review of alleged errors in giving and refusing instructions.
3. **Transcript for Review: OMISSION OF INSTRUCTION.** Error cannot be predicated for the refusing a request to charge, where such instruction is not contained in the record brought to this court.

41	886
43	19
41	886
44	620
41	886
45	617
45	720
41	886
52	565
54	803
41	886
58	639
41	886
59	348
41	886
60	383

4. Review: SUFFICIENCY OF EVIDENCE: ASSIGNMENTS OF ERROR.

This court will not review the evidence for the purpose of ascertaining whether it sustains the verdict, where the question is not specifically raised by the petition in error.

5. Rulings on Evidence: REVIEW: ASSIGNMENTS OF ERROR.

An objection to the ruling of the trial court on the admission and exclusion of evidence will not be considered, unless the particular ruling complained of is pointed out in the assignments of error.

6. Assignments of Error: RULING ON MOTION FOR NEW TRIAL. An assignment of error for the denial of a motion for a new trial is bad if it fails to specify to which of the several points made by the motion the assignment applies.**7. Petitions in Error: FAILURE TO MAKE ASSIGNMENTS SPECIFIC.** In order to a review of the proceedings of the trial court, the petition in error must assign alleged errors with such particularity as to enable the supreme court to determine the precise ruling of which complaint is made.

ERROR from the district court of Cedar county. Tried below before NORRIS, J.

Wilbur F. Bryant, for plaintiff in error.

Addison M. Gooding, contra.

NORVAL, C. J.

This was an action on an account brought by James C. Ziegler to recover the sum of \$63.59, with interest thereon from March 30, 1889, for goods, wares, and merchandise alleged to have been sold and delivered to the plaintiff in error. Upon the trial there was a verdict and judgment for the plaintiff. The defendant brings the record here for review by petition in error.

The first complaint in the brief of counsel is as to the form of the verdict. It is contended that it is uncertain in amount. The verdict, omitting title, reads as follows:

"We, the jury, duly impaneled in the above entitled cause, do find for the plaintiff, James C. Ziegler, and assess

Wiseman v. Ziegler.

his damages in the sum of \$38.59, and interest at seven per cent.

H. J. HUENNEKENS,

"Foreman."

The defendant excepted to the form of the verdict before the discharge of the jury, whereupon the court instructed the jury that they should have computed the interest, and the foreman replied that they desired the clerk of the court to do that. To this the defendant objected. The plaintiff then waived the computation of interest and accepted the verdict as returned, and, upon the overruling of defendant's motion for a new trial, the court rendered judgment against the defendant for the sum of \$38.59, without adding interest. The trial court, when its attention was challenged to the form of the verdict, should, and had the plaintiff not waived a computation of the interest, it doubtless would, have instructed the jury to return to their room and cast up the interest. It was their duty to have done so in the first instance; but this omission is, at most, a harmless irregularity, and is not a ground for reversing the judgment, as the defendant was in no manner prejudiced. The verdict was sufficiently certain and specific as to amount to sustain a judgment thereon for the plaintiff for the sum of \$38.59.

It is insisted that "the court erred in instructing the jury as requested in paragraph 1 of the requests of the defendant in error." The record does not affirmatively show that the plaintiff below submitted to the court any requests to charge. There are copied into the transcript eight instructions presented by the defendant and another request for a charge. By whom the latter was submitted does not appear. Whether any or all of these requests were either refused by the court or were given to the jury, the record does not inform us; nor does it appear that either party took an exception either to the giving or refusing of any instruction; hence the same cannot be reviewed. (*Rector v. Canfield*, 40 Neb., 595.)

The next assignment is that the court erred in refusing the defendant's ninth instruction. We are unable to consider this assignment, inasmuch as no such request is to be found in the record under consideration.

It is argued that the verdict is not supported by sufficient evidence, and is contrary to the law of the case. This point not having been made in the petition in error, we cannot review the evidence in the bill of exceptions for the purpose of ascertaining whether it is sufficient to sustain the verdict, or not.

Complaint is made in the brief that the entire testimony of the witness Locke was erroneously admitted, and that there was also error in admitting plaintiff's books of account in evidence. The only assignments in the petition in error relating to this branch of the case are the sixth, seventh, and eighth, which are as follows:

"6. That the court erred in admitting evidence of the defendant in error over the plaintiff in error's objection.

"7. That there were other errors of law occurring at the trial duly excepted to by defendant below.

"8. That there were other errors appearing of record."

These assignments are too indefinite to present for review the rulings of the court below on admission of testimony. The petition in error should have clearly and definitely pointed out the particular piece of testimony which it is claimed was wrongfully admitted. (*Cortelyou v. Maben*, 40 Neb., 512.)

It is finally insisted that the judgment should be reversed because one of the jurors was asleep during a portion of the time the plaintiff in error was testifying. The misconduct of the juror is not alleged as a ground of reversal in the petition in error, unless covered by the seventh and the eighth assignments quoted above, or the ninth, which alleges "that the court erred in overruling the motion of the plaintiff in error for a new trial." Clearly the seventh and eighth assignments, under the holdings of this court,

Baker v. Kloster.

are bad. The motion for a new trial contains thirteen assignments of error. The thirteenth, or last, alone relates to the misconduct of the juror. The ninth assignment of the petition in error for the denial of the motion for a new trial is bad, because it fails to specify to which of the several points made by the motion the assignment applies. A petition in error must assign alleged errors with such particularity as to enable the court to ascertain the precise ruling intended to be reviewed. (*Hanlon v. Union P. R. Co.*, 40 Neb., 52.) The judgment is

AFFIRMED.

A. L. BAKER V. L. KLOSTER.

FILED OCTOBER 2, 1894. No. 5535.

Review: DEFECTIVE TRANSCRIPT: DISMISSAL. Where the transcript filed in this court does not contain the judgment, or final order, of the district court sought to be reviewed, the petition in error will be dismissed.

ERROR from the district court of Dakota county. Tried below before NORRIS, J.

Jay & Beck, for plaintiff in error.

Robert B. Daley, contra.

NORVAL, C. J.

The petition in error must be dismissed, for the reason that the judgment sought to be reviewed is not before us. The transcript filed in this court consists alone of the petition, answer, instructions to the jury, and motion for a new trial. No journal entries are in the record, nor does

41	890
42	849
43	227
43	423
41	890
49	557
41	890
58	212

 Lord v. Peaks.

it appear that a verdict has ever been returned by the jury, or that the motion for a new trial has been passed upon, or that a final judgment has been entered in the case. It is only a judgment, or final order, rendered by the district court that can be reviewed by the supreme court, and unless the transcript brought to this court contains such judgment, or final order, the proceeding will be dismissed. The petition in error is

DISMISSED.

AMBROSE M. LORD V. GEORGE F. PEAKS.

FILED OCTOBER 2, 1894. No. 5212.

Partnership: ACTIONS BETWEEN PARTNERS. An action at law cannot be maintained by one partner against his copartner, to recover moneys alleged to be due him on account of partnership transactions, where no settlement of the partnership accounts and business has been had.

ERROR from the district court of Madison county. Tried below before POWERS, J.

A statement of the case appears in the opinion.

John R. Hays, for plaintiff in error:

Where the dealings between two partners embrace but few transactions which do not make a settlement difficult, one partner may maintain an action at law against the other to recover money. (*Wheeler v. Arnold*, 30 Mich., 304; *Musier v. Trumbour*, 5 Wend. [N. Y.], 274; *Currrier v. Rowe*, 46 N. H., 72; *Pettingill v. Jones*, 28 Kan., 749; *Wells v. Carpenter*, 65 Ill., 447; *Clarke v. Mills*, 13 Pac. Rep. [Kan.], 569.)

41	891
42	390
41	891
52	828

N. D. Jackson and S. O. Campbell, contra:

During the existence of a partnership, or even after its dissolution, but before the business is wound up and the final balance ascertained, no action at law will lie between partners. (*Winchester v. Galzier*, 152 Mass., 316; *Haskell v. Adams*, 7 Pick. [Mass.], 59; *Williams v. Henshaw*, 12 Pick. [Mass.], 378; *Capen v. Barrows*, 1 Gray [Mass.], 376; *Chase v. Garvin*, 19 Me., 211; *Murray v. Bogert*, 14 Johns. [N. Y.], 318; *Davenport v. Gear*, 2 Scam. [Ill.], 495; *Roberts v. Fuller*, 13 Pa. St., 265; *Gridley v. Dole*, 4 Comst. [N. Y.], 486.)

NORVAL, C. J.

Plaintiff in error was plaintiff in the court below. The action is one at law, by one partner against his copartner, to recover moneys alleged to be due him on account of partnership business. The petition filed in the court below alleges:

"1. That on or about February 15, 1885, plaintiff and defendant entered into partnership for the purpose of dealing in lumber at retail, which partnership continued until dissolved by mutual consent on or about October 31, 1889.

"2. That it was mutually understood and agreed by and between plaintiff and defendant that each was to devote his whole time to the prosecution of the partnership business, and to the best interest of the firm, the labor of each to be offset by, and the equivalent of, the other, and the profits and proceeds of the business to be divided in proportion to the amount contributed by each. Plaintiff says that he has no knowledge, or information, of the amount contributed by the defendant, but says that whatever the amount the same was less than was contributed by this plaintiff; that plaintiff did devote his whole time during the existence of the partnership to the business of the firm, but that defendant, unmindful of his agreements, and without

plaintiff's consent, devoted a large part of his time and energies to other pursuits and business, to the neglect and detriment of partnership business. Plaintiff says that on or about December 25, 1888, defendant, to the neglect of the firm business and to plaintiff's injury and damage, was tendered and accepted the position of receiver or accountant and salesman in a general merchandise store in Battle Creek, Nebraska, in which store neither plaintiff nor said firm was interested, which said position said defendant took and retained for the period of eight months, to-wit, from about December 25, 1888, to about August 25, 1889, for which defendant exacted and received the sum of \$65 per month, amounting, in the aggregate, to the sum of \$520, one-half of which said amount, under and by virtue of the mutual agreements by and between plaintiff and defendant, belonged to plaintiff, but which has not been paid to plaintiff, nor accounted for in any manner whatever. The amount of \$260 is now due and owing plaintiff from defendant on account thereof, with interest thereon from August 25, 1889.

"Plaintiff for a further and second cause of action says:

"1. Plaintiff and defendant, on or about the month of February, 1885, entered into a partnership for the purpose of dealing in lumber at retail at Battle Creek, Nebraska, and at Burnett, Nebraska, the defendant taking and keeping charge of the yard at Battle Creek, and the plaintiff at Burnett.

"2. That the partnership business thus began continued until October 1, 1889, when the same was dissolved by mutual consent.

"3. That at the time of the organization of the partnership aforesaid the defendant represented to plaintiff that defendant had had large experience as a book-keeper, and that he thoroughly understood the same. Because of defendant's representations of his skillfulness as a book-keeper, it was further agreed by and between plaintiff and

defendant that all the accounts at both lumber yards should be kept by defendant at Battle Creek.

"4. Plaintiff says that defendant was not a skillful and correct book-keeper, and that he failed and neglected to properly, accurately, skillfully, or correctly keep the books and accounts of the aforesaid partnership business, as he had theretofore represented to plaintiff that he could and would do.

"5. That during the last two years of the existence of the partnership aforesaid plaintiff frequently asked and demanded of defendant to make a statement from the books of the partnership of the firm affairs, but defendant wholly failed, neglected, and refused so to do, but informed plaintiff that plaintiff could examine the said books of account for himself, well knowing that plaintiff was not an expert accountant and book-keeper, and at the same time well knowing that plaintiff could not tell by the said books so as aforesaid kept by defendant how the partnership business stood.

"6. That by reason of defendant's failure and inability to make any statement of account showing the condition of the partnership matters, and because of the unskillful, improper, and incorrect manner in which the partnership books of account were kept by defendant, and because of the long time the partnership had continued without plaintiff's knowing or being able to ascertain how said partnership matters stood, plaintiff was compelled to, and did, employ an expert book-keeper and accountant to examine the books of account of the said firm and render a statement of the affairs of the firm, and of the members thereof.

"7. To this end plaintiff employed H. C. Burr, of Omaha, Nebraska, at and for the agreed price of \$8 per day, and who, because of the unskillful, incorrect, and improper manner in which the books of partnership accounts by defendant had been kept, and because of the time the accounts had been running, was compelled to, and did, oc-

copy thirty days, to-wit, on or about the month of October, 1889, amounting in the aggregate to the sum of \$240, which amount was and is the reasonable price of the said services, and which amount was paid by plaintiff to said expert, and which amount, therefore, is due from defendant to plaintiff, for said amount of \$240, so as aforesaid paid by plaintiff, with interest thereon, no part of which has been paid."

The prayer is for judgment for the sum of \$500, with interest and costs.

A general demurrer was interposed by the defendant to the petition, which was sustained by the court, and the plaintiff not desiring to amend his petition, the action was dismissed at plaintiff's costs.

The sole inquiry is whether the petition states sufficient facts to entitle the plaintiff to recover in this form of action. We entertain no doubt, under the decisions, that where a partnership has been dissolved, or has ceased to exist, and an account has been stated between the partners, an action at law will lie by one member of the firm against the other to recover the balance found to be due on the settlement; but that is not the case made by this record, since it is patent from a reading of the petition that in neither count thereof is it alleged that any account or settlement has been had between the parties to this litigation of their partnership business. It not appearing that the partners have ever had a settlement of their accounts, the question is squarely presented whether the petition is not for that reason fatally defective. We have long entertained the opinion that a suit like the one at bar is not maintainable until there has been an accounting, and an examination of the question, and the authorities bearing thereon, since this record came into our hands has strengthened us in our belief. The law will not permit a party to select an isolated partnership transaction and predicate a liability on that alone, when, perhaps, if a full and complete accounting be-

Lord v. Peaks.

tween the partners was had, the balance might be found in favor of the other partner. Again, there may be firm debts unpaid. It is impossible in this form of action to adjust and settle the accounts between the members of a partnership. (2 Bates, Partnership, sec. 910; *Younglove v. Liebhardt*, 13 Neb., 557; *Stanberry v. Cattell*, 55 Ia., 617; *Devore v. Woodruff*, 45 N. W. Rep. [N. Dak.], 701; *Kruschke v. Stefan*, 83 Wis., 373; *Elmer v. Hall*, 23 Atl. Rep. [Pa.], 971; *Stone v. Mattingly*, 19 S. W. Rep. [Ky.], 402. See, also, cases cited in the brief of defendant in error.)

Younglove v. Liebhardt, *supra*, was a suit at law between partners to recover for work performed and money expended by one partner on the account of the firm business. It was held that the action would not lie. The court in the opinion say: "As a general rule no action at law can be maintained between partners for work and labor or money expended on account of the partnership (*Holmes v. Higgins*, 1 Barn. & Cres. [Eng.], 74; *Milburn v. Codd*, 7 Barn & Cres. [Eng.], 419; *Fromont v. Coupland*, 2 Bing. [Eng.], 170); and, as a general rule, a partner is not entitled to compensation for his services as partner; but for advances and outlays on behalf of the firm he is entitled to a proper credit. But he cannot recover for the same in an action at law against the firm, because he cannot be both plaintiff and defendant; nor against his copartner, because until an account is taken it is impossible to determine what amount is due." The decision from which the foregoing quotation is taken is decisive of the case as to both counts of the petition.

It is argued that the rule requiring that an accounting between partners must be first had before an action at law can be maintained does not apply where there is but a single partnership transaction which is fully closed, or there is but a single item to liquidate. Some of the cases so hold; but the plaintiff has not, by proper allegations,

Anheuser-Busch Brewing Association v. Peterson.

brought his case within the rule announced in such adjudications. The petition contains no averment from which the inference can be drawn that there remains unsettled no other items growing out of the partnership venture, except the two which are made the basis of this suit, nor does it appear that there are no partnership debts. In any view, therefore, we feel constrained to hold that the demurrer to the petition was properly sustained. The judgment is

AFFIRMED.

ANHEUSER-BUSCH BREWING ASSOCIATION ET AL. V.
JOHN C. PETERSON.

FILED OCTOBER 2, 1894. No. 5746.

1. **Pleading: WANT OF JURISDICTION.** Under the provisions of our Code it is proper to plead as a distinct defense any facts not disclosed by the petition from which it appears that the court has not acquired jurisdiction of the person of the defendant or the subject of the action. (*Harlbert v. Palmer*, 39 Neb., 158.)
2. **Summons: SERVICE OUT OF STATE.** The provision of section 81 of the Code, for personal service of summons out of the state, is designed as a substitute for constructive service by publication, in actions such as those enumerated in section 77.
3. ———: **PUBLICATION: SERVICE.** Service by publication, or in any other manner authorized by statute, is sufficient in actions which are substantially proceedings *in rem*; but when the purpose of the action is to determine the personal rights of the parties, and enforce a personal obligation against the defendant, service within the state is essential to confer jurisdiction upon the court.
4. **Landlord and Tenant: NEGLIGENCE: LIABILITY OF TENANT.** As a rule, the tenant and not the landlord is liable to strangers for injuries resulting from a negligent or improper use of the demised premises during the continuance of the lease.
5. **Surface Water: NEGLIGENCE: DAMAGES.** Every proprietor

41	897
42	145
43	549
41	897
144	535
41	897
148	76
148	88
41	897
49	185
49	352
50	713
50	774
51	402
51	423
53	720
54	437
41	897
57	257
57	493
57	536
41	897
158	107
41	897
62	730

Anheuser-Busch Brewing Association v. Peterson.

may lawfully improve his property by doing what is reasonably necessary for that purpose, and unless guilty of some act of negligence in the manner of its execution will not be answerable to an adjoining proprietor, although he may thereby cause the surface water to flow onto the premises of the latter to his damage.

6. ———: ———. But if in the execution of such enterprise he is guilty of negligence, which is the natural and proximate cause of injury to his neighbor, he is accountable therefor.
7. **Nuisance.** Where filthy and noxious matter is permitted to percolate through the adjacent soil and befoul a neighbor's well or cellar, such fact amounts to a nuisance, and is actionable at common law.

ERROR from the district court of Cass county. Tried below before CHAPMAN, J.

John C. Watson and A. N. Sullivan, for plaintiffs in error:

If property is so constructed as to be a nuisance, the tenant is not liable. (*Gillilan v. Chicago & A. R. Co.*, 19 Mo. App., 411; *Swords v. Edgar*, 59 N. Y., 28.)

The public should pay damages resulting from public acts. (*City of Aurora v. Reed*, 57 Ill., 29; *Wood, Law of Nuisance*, secs. 144, 749; *City of Jacksonville v. Lambert*, 62 Ill., 521.)

The motion to quash the service made upon Busch outside the state was erroneously overruled. (Code, secs. 77, 81; *Blair v. West Point Mfg. Co.*, 7 Neb., 150; 1 Story, Constitutional Law, sec. 539; *Murphy v. Lyons*, 19 Neb., 689; *Atkins v. Atkins*, 9 Neb., 191; *Fulton v. Levy*, 21 Neb., 478; *Holmes v. Holmes*, 15 Neb., 615; *McGavook v. Pollock*, 13 Neb., 535.)

Surface water is a common enemy which a lot-owner may fight by raising his lot to grade or in any other proper manner. (*Freberg v. City of Davenport*, 18 N. W. Rep. [Ia.], 705; 2 Dillon, Municipal Corporations, secs. 1041-1044.)

The owner has a right to obstruct and hinder the flow of mere surface water upon his land from the land of another. (*O'Connor v. Fond du Lac, A. & P. R. Co.*, 52 Wis., 526;

Kansas City & E. R. Co. v. Riley, 33 Kan., 374; *Abbot v. Kansas City, St. J. & C. B. R. Co.*, 83 Mo., 271.)

The lot-owner is not bound to provide drains or water ways to prevent the accumulation of surface-water upon adjacent lands, the natural flow of which is interrupted by changes in the surface of his own lands, caused by improvements thereon. (*Pye v. City of Mankato*, 36 Minn., 373; *Alden v. City of Minneapolis*, 24 Minn., 262; *Rowe v. St. Paul, M. & M. R. Co.*, 41 Minn., 384; *Jordan v. St. Paul, M. & M. R. Co.*, 43 N. W. Rep. [Minn.], 849.)

S. P. Vanatta, contra:

The owner of land has no right to collect surface water thereon and discharge it so as to injure the land of his neighbor. (*Livingston v. McDonald*, 21 Ia., 160; 1 Thompson, Negligence, pp. 19, 77.)

An action will lie for the recovery of damages caused by the accumulation of surface water into a pool where it percolates through the earth into a cellar on an adjoining lot. (*Crommelin v. Cox*, 30 Ala., 318; 6 Wait, Actions & Defenses, p. 277.)

When a man is in possession of fixed property, he must so manage it as not to injure others. (Taylor, Landlord & Tenant [6th ed.], sec. 178; 1 Thompson, Negligence, p. 80, sec. 2.)

Post, J.

This was an action by the defendant in error in the district court for Cass county. From the allegations of the petition it seems that on the 14th day of March, 1887, Adolphus Busch, who was then and still is president of the Anheuser-Busch Brewing Association, a corporation (hereafter called the "Brewing Association"), purchased lot 9, in block 33, in the city of Plattsmouth. On the date above named said Busch leased said premises to the Brewing Association, and that said corporation immediately took

possession thereof and continued to occupy the same until after the accruing of the plaintiff's cause of action; that during the year 1889 the plaintiff below and one Rasmus Peterson were the owners of lot 10 immediately adjoining the premises above described, upon which was situated a large ice house, and which, including a cellar or basement thereunder five feet deep, was, at the time of the wrongs complained of, filled with ice. During the year 1889 the defendants undertook to fill up lot 9 so as to correspond to the surrounding lots, and that in the execution of said enterprise "hauled and dumped into and onto said lot 9 large quantities of earth and partially filled up said lot, and that they so carelessly and negligently filled up said lot as to draw and throw the surface water collecting thereon up to and against the west side of the plaintiff's ice house." It is further alleged that on said lot 9, and within two feet of the plaintiff's ice house, is situated a privy and privy vault, and that in filling up said lot the defendant left large "sag holes," into which the surface water on said lot and surrounding premises accumulated and from which, by the natural percolation thereof, it entered the plaintiff's ice house by way of said privy vault, thereby destroying and rendering worthless a large quantity of ice. It is also alleged that the plaintiff has by assignment acquired whatever right of action existed in favor of the said Rasmus Peterson. Personal service of summons was made upon the defendant Busch in the city of St. Louis, in the state of Missouri, who entered a special appearance and moved to quash the service of summons against him on the ground that it was unauthorized by statute and void. Said motion having been overruled, he answered, first, challenging the jurisdiction of the district court, by proper averments alleging that the service of the summons in the state of Missouri was without authority of law and conferred upon the court no jurisdiction of his person; second, a plea to the merits, which need not be noticed in this connection. The Brew-

ing Association filed an answer, which, after admitting its possession of lot 9 by virtue of a lease from its co-defendant, Busch, is in effect a general denial. Upon the issues thus formed a trial was had, resulting in a verdict against both defendants; whereupon separate motions were made for a new trial, which were overruled, and judgment entered in accordance with the verdict, and which is the judgment complained of in the proceeding.

We will first consider the question of the jurisdiction of the district court over the defendant below, Busch. It is said by counsel for the defendant in error that that question is not presented by this record, for the reason that Busch submitted to the jurisdiction of the court by his answer to the merits of the case. There is to be found some support for that contention in the earlier cases in this court, but in *Hurlburt v. Palmer*, 39 Neb., 158, the cases were subjected to a careful examination, and the conclusion announced that under the provisions of the Civil Code it is proper to plead as a distinct defense any facts not appearing from the petition whereby it is made known that the court has no jurisdiction of the person of the defendant or the subject-matter of the action. That case we must regard as decisive of the question under consideration. It was the right and duty of the defendant Busch to direct the attention of the court to the fact that it had failed to acquire jurisdiction of his person by means of its process. That such facts constitute a defense within the meaning of section 99 of the Code is clear from the reasoning in *Hurlburt v. Palmer*, *supra*. The plaintiff below did not by his reply controvert the allegations of the answer showing that service of summons was made upon the defendant in Missouri. That such service is unauthorized by law and insufficient to confer upon the court jurisdiction of the defendant's person, seems clear from a careful reading of the Code. The only provision for service of summons outside of the state is found in section 81 and reads as follows:

Anheuser-Busch Brewing Association v. Peterson.

"In all cases where service may be made by publication, and in all other cases where the defendants are non-residents, and the cause of action arose in the state, suit may be brought in the county where the cause of action arose, and personal service of summons may be made out of the state by the sheriff or some person appointed by him for that purpose." Reference to the decisions interpreting the above, or like provisions, is unnecessary in this opinion. It is sufficient for our present purpose that it has uniformly been held to be a mere substitute for constructive service in actions such as those enumerated in section 77 of our Code. Service by publication, or in any other manner authorized by statute, is sufficient to advise non-residents of proceedings against their property which is brought under the control of the court by seizure or some act equivalent thereto. As said by Mr. Justice Field in *Pennoyer v. Neff*, 95 U. S., 714: "The law assumes that property is always in possession of its owner, in person or by agent, and it proceeds upon the theory that its seizure will inform him not only that it is taken into the custody of the court, but that he must look to any proceedings authorized by law upon such seizure for its condemnation and sale. * * * In other words, such service may answer in all actions which are substantially proceedings *in rem*." Where, however, the purpose of an action is to determine the personal right of the parties and to enforce against the defendant a personal liability merely, according to a fundamental principle of our jurisprudence, personal service within the state where the action is pending is essential to confer jurisdiction upon the court. (See *Pennoyer v. Neff*, *supra*; Hawes, Jurisdiction, sec. 53; Story, Conflict of Laws [8th ed.], paragraph 539.) It follows that in entertaining the action as against the defendant Busch the court erred, for which the judgment as against him should be reversed.

2. The contention of the Brewing Association is that the relation of landlord and tenant only existed between it and

its co-defendant, and that it is, therefore, not liable to strangers for the negligent or wrongful acts of the latter in the filling of the lot in question. In this connection it should be remarked that there is nothing in the record to indicate that the proprietorship of the Brewing Association was confined to any particular portion of the premises, the inference being rather that its actual possession was co-extensive with the boundaries of the lot. Again, it is disclosed by the evidence in the record that the filling complained of was done by one Poisell under a contract with Mr. Ritchey, the agent in charge of the business of the Brewing Association in Plattsmouth, and was paid for by draft drawn upon the latter. The general rule is stated to be that the tenant and not the landlord is responsible for injuries resulting from a failure to keep the demised premises in repair. (2 Taylor, *Landlord & Tenant*, sec. 539; *City of Chicago v. O' Brennan*, 65 Ill., 160; *Gridley v. City of Bloomington*, 68 Ill., 47; *City of Peoria v. Simpson*, 110 Ill., 294; *City of Lowell v. Spaulding*, 4 Cush. [Mass.], 277; *Brunswick-Balke-Collender Co. v. Rees*, 69 Wis., 442; *Edwards v. New York & H. R. Co.*, 98 N. Y., 245; 1 Addison, *Torts*, pp. 197, 198.) There are, it is true, recognized exceptions to this rule, which, however, do not call for notice, since, as we have seen, the question of the liability of Busch, the landlord, is not presented by this record. The reason upon which the above rule rests is that the right of the landlord to possession is suspended during the term of the lease, and he has, therefore, no authority to re-enter for the purpose of making repairs or abating a nuisance created by the tenant. It follows that the defendant corporation is liable in this case, provided the wrongs alleged constitute a cause of action in the plaintiff's favor, a question we will now examine.

3. Some time previous to the filling of the lots by the defendant, the city of Plattsmouth caused to be filled up the bed of a small stream or water-course in such manner

as to divert the water which flowed therein at certain seasons of the year, onto said lots 9 and 10. Plaintiff below and the defendant corporation then attempted to fill their lots up to a level with the lot adjoining the latter on the east, but in the execution of said work the defendant's lot was left several feet lower in the center and on the east side thereof than was the plaintiff's lot, which adjoined it on that side, leaving a hole or basin in which the water, which would otherwise have run off in another direction, accumulated and entered the plaintiff's ice house through the privy vault above mentioned. The question whether the acts charged amount to actionable negligence or were a proper exercise of the rights of the defendant as proprietor of the dominant estate was resolved in favor of the plaintiff, and with that finding we can perceive no sufficient ground for interference. This question was carefully considered in the case of *Morrissey v. Chicago, B. & Q. R. Co.*, 38 Neb., 406, and the conclusion therein announced that the rule of the common law prevails in this country. Subject to that rule every proprietor may lawfully improve his property by doing what is reasonably necessary for that purpose, and unless he is guilty of some act of negligence in the manner of its execution, he will not be answerable to his neighbor, although he may thereby cause the surface water to flow upon or from the premises of the latter to his damage. The injury in such case is but a mere incident to the proper use of the owner's property; but if in the execution of the enterprise in hand he is guilty of negligence, which is the natural and proximate cause of injury to the adjoining proprietor, the law holds him accountable therefor. Such is the essence of the authorities cited in *Morrissey v. Chicago, B. & Q. R. Co.*, *supra*, and undoubtedly the law of this case.

4. But defendant's liability in this action may be sustained upon other and independent grounds. It is said in an early case that "where one has filth deposited on his

McDonald v. Dodge County.

premises, he whose dirt it is must keep it that it may not trespass." (See *Tenant v. Goldwin*, 1 Salk. [Eng.], 360.) If filthy matter from a privy, or the like, is permitted to percolate through the soil of the adjacent premises, and befouls a neighbor's well or cellar, such facts amount to a nuisance, and is actionable at common law. (See *Cooley*, Torts, 567, and cases cited; *Beatrice Gas Co. v. Thomas*, 41 Neb., 662.) It follows that the judgment should be reversed as to Adolphus Busch and affirmed as to Anheuser-Busch Brewing Association.

JUDGMENT ACCORDINGLY.

MCDONALD & PENFIELD V. DODGE COUNTY.

FILED OCTOBER 2, 1894. No. 5512.

1. **Drainage Contracts: DAMAGES FOR BREACH.** The provision of section 20, chapter 89, Compiled Statutes, for the reletting of contracts where contractors for drainage ditches have failed to complete their work within the time specified, is designed for the benefit of the persons whose property is chargeable with such improvements, and is not the exclusive method of determining the amount of damage on account of such failure.
2. **Evidence: DRAINAGE CONTRACTS: DAMAGES FOR BREACH.** An engineer, who examined the work two months after it was abandoned by the contractors and found the original stakes showing the depth of the ditch and was able to verify his estimate from such stakes, held competent to testify to the cost of completing such work in accordance with the contract.
3. **Review: HARMLESS ERROR.** Error not prejudicial to the complaining party is no ground for the reversal of a judgment.
4. **Evidence held to sustain the judgment of the trial court.**

ERROR from the district court of Dodge county. Tried below before MARSHALL, J.

McDonald v. Dodge County.

Frick, Dolezal & Stinson and *Munger & Courtright*, for plaintiffs in error, cited: *Mercer v. Harris*, 4 Neb., 77.

C. Hollenbeck and *Gray & Carey*, *contra*, cited: *Burlington & M. R. R. Co. v. Schluntz*, 14 Neb., 421; *Sioux City R. Co. v. Brown*, 13 Neb., 317.

Post, J.

This is a petition in error from the district court for Dodge county. It appears from the record that plaintiffs in error presented to the board of supervisors of the defendant county a claim for an alleged balance on a contract for the construction of a ditch for said county under the provisions of chapter 89, Compiled Statutes. Said claim having been rejected by the county board, an appeal was taken to the district court, where a trial was had, resulting in a verdict and judgment for the plaintiffs, who, being dissatisfied with the award, moved for a new trial, which was refused, and the cause removed to this court upon allegations of error.

Among the provisions of the contract, plaintiffs were required to "complete the work embraced in the contract, plans, and specifications of the engineer, and subject to the approval of the board of supervisors before final acceptance is made by the engineer. * * * All excavated material shall be placed on the easterly side of the proposed ditch. * * * The berm between the road and the ditch shall not be less than six feet in width. * * * The ditch will be eight feet in width on the bottom, and of such slope as the engineer may direct and stake out. * * * No extras of any kind will be allowed * * * except the rate of one cent per cubic yard for each yard hauled in excess of one thousand feet, for each one hundred feet so hauled in excess of one thousand feet, but the actual measurement of the solid contents shall only be considered, as measured in the embankment on the completion of the

work. * * * The engineer, first having the consent of the board of supervisors, shall be at the liberty, from time to time, to order in writing any alteration in the construction of the embankments, or other points in the work, or any change not affecting the general direction of the work, or diminishing the capacity of the proposed ditch. * * * This contract shall be completed by the 15th day of June, 1891. * * * The engineer in charge shall in all cases determine the amount of the several kinds of work done which are to be paid for under this contract, and he shall decide all questions which may arise relating to the execution of this contract, on the part of the contractor, and his estimates and decisions shall be final and conclusive, subject to the approval of the board of supervisors; but this provision shall not be construed to prevent the second party herein from appealing from such decision or seeking redress in the courts. * * * The contractor will place all earth excavated in an embankment on the easterly side of the proposed ditch; said embankment to be of uniform grade and width; such grade and width to be shown by stakes set by the engineer."

The cause was tried without pleadings in the district court; but it is apparent from the record that the plaintiffs in error had failed to complete the work undertaken by them to the satisfaction of the county board.

The first error assigned is the rejection of evidence tending to prove that the board did not cause the contract to be completed by the lowest bidder therefor in accordance with the provisions of section 20 of the act above named, viz.: "Any contract not completed within the time specified shall be re-estimated and relet to the lowest responsible bidder, but not for a sum greater than the estimate, nor a second time to the same party; *Provided*, The board of commissioners may, for a good cause, extend the time of any contractor not to exceed two years." It is claimed by plaintiffs that the means thus provided for the ascertainment

of damage resulting from the failure to complete the work in accordance with the undertaking of the contractor is exclusive. In that view we are unable to concur. In construing that as well as other provisions involved in this controversy, it should be remembered that the county executing the contract for a drainage ditch cannot be said to be the party in interest, but acts rather in the nature of a trustee for the persons whose property is chargeable with the cost of work in hand. Viewing it in that light, we cannot say that the provision of the statute is exclusive. We prefer rather to regard it as a direction to the county board for the benefit of the property owners interested.

2. Another contention of the plaintiffs which the district court declined to sustain was that under the statute and the contract made in pursuance thereof, all controversies between the board and the contractor must be referred to the engineer in charge of the work, whose estimates shall be conclusive upon both parties. The provision of statute relied upon to sustain that claim is section 19, which reads as follows: "The work shall be done under the supervision of the surveyor or engineer appointed by the commissioners, and when a part, not less than one-fourth of the portion included in any contract, is completed according to the specifications, he shall give the contractor a certificate thereof, showing the proportional amount which the contractor is entitled to be paid according to the terms of the contract, and the county clerk shall, upon presentation of such certificate, draw his warrant upon the treasurer for seventy-five per cent of said amount, and the treasurer will pay the same out of any funds in the treasury applicable to such purposes." The contract offered in evidence contains the following provision: "To prevent disputes and litigation, it is further agreed by the parties hereto that the engineer in charge shall in all cases determine the amount of the several kinds of work done which are to be paid for under this contract, and he shall decide all ques-

tions which may arise relating to the execution of this contract on the part of the contractor, and his estimates and decisions shall be final and conclusive, subject to the approval of the board of supervisors; but this provision shall not be construed to prevent the second party herein from appealing from such decision or seeking redress in the courts." The language of the contract, although ambiguous in some respects, is certainly explicit so far as the effect of the engineer's finding is concerned. The stipulation that the contract "shall not be construed to prevent the second party from appealing from such decisions or seeking redress in the courts" appears to us too plain for construction. We do not hesitate, therefore, to hold that the amount due under the contract was a proper subject of inquiry. We find in the record what purports to be a final estimate by Mr. Burrell, the engineer, under date of July 3, 1891, from which it appears that there was then due plaintiffs the sum of \$3,334.22. This estimate the county board refused to confirm, although it seems that payments were made on account from time to time, until the 24th day of September, 1891, when the plaintiffs' final claim for \$1,111.40 was presented and disallowed, and from which order the appeal was prosecuted. We are left in doubt by the record whether the plaintiffs' action is founded upon that estimate; but assuming it to be in effect an action on an award of the engineer, the plaintiffs' claim cannot be sustained, for the reason that by the contract such finding or estimate is not made *prima facie* evidence of the amount due.

3. It is claimed that the trial court erred in permitting engineers Tillson and Patterson to testify to the condition of the work and the cost of completing the same, on the ground that the conditions, at the time of their examination, were materially different from those existing at the time the work is claimed to have been completed. Tillson's survey was made about six weeks after the plaintiffs

McDonald v. Dodge County.

left the work, and he testifies to finding the original stakes showing its depth, and that in case of doubt about the bottom of the ditch he was able to verify his estimate by the original stakes. Patterson's survey was made about two months after the plaintiffs left, and he testified, in substance, to finding the sides and bottom of the ditch in the condition in which they were left by the contractor. On that record we cannot say that the admission of the testimony was error, although the argument employed is entitled to consideration as bearing upon the question of the weight of the evidence.

4. In one paragraph of the charge the jury were told to ascertain the amount of lumber used by plaintiffs in the construction of the ditch and to allow them therefor at the rate of "\$25 per thousand feet, or \$1.25 per hundred feet." This instruction is assigned as error, the criticism thereof being the use of the figures "\$1.25," which is evidently a clerical error on the part of the court; but we cannot say that the plaintiffs have been prejudiced by that error, since the jury were plainly directed to compute for the lumber at the rate of \$25 per thousand, which is admitted to be correct. Again, the contract, which in explicit terms prescribes the rate to be allowed for lumber used, was set out in full in another paragraph of the charge.

5. The other assignments relate to the sufficiency of the evidence. From an examination of the entire record we are unable to find that there is such a failure of proof as will warrant interference by this court. The judgment of the district court is therefore

AFFIRMED.

INDEX.

Abandonment. See HOMESTEAD, 1, 2.

Abatement.

- A suit pending to enforce a right or remedy conferred solely by statute is abated by the unconditional repeal of such statute before judgment. *Globe Publishing Co. v. State Bank of Nebraska*..... 175

Accident Insurance. See INSURANCE, 1-7.

Account Stated.

1. An account stated does not bar a recovery for items not within the contemplation of the parties when the settlement was made. *Clarke v. Kelsey*..... 766
2. Judgment sustained where defendant denied that an account had been stated and the jury found for plaintiff a sum less than that claimed, which defendant in his answer admitted to be due. *Sterling Lumber Co. v. Stinson*..... 368

Acquiescence. See CORPORATIONS, 11.

Actions. See ACCOUNT STATED. CORPORATIONS, 9. EXECUTIONS, 3. FALSE REPRESENTATIONS. INSURANCE, 5, 6. INTOXICATING LIQUORS, 1. NUISANCE, 1, 2. PARTNERSHIP. QUIETING TITLE. SET-OFF, 2. VENDOR AND VENDEE.

1. Where one makes a promise to another for the benefit of a third person the latter may maintain an action on the promise. *Doll v. Crume*..... 655
2. Where a married woman is injured by the negligence of another two causes of action arise,—one for the wife and the other for the husband. *Omrka & R. V. R. Co. v. Chollotte*..... 580

Adoption. See SPECIFIC PERFORMANCE.

Affidavits. See REVIEW, 20.

Amendments. See PLEADING, 3.

Answers. See PLEADING, 7.

Appeal. See REVIEW.

1. Appeals from the decision of a county board should be entered, tried, and determined in the district court the same as appeals from justices of the peace. *Haskell v. Valley County*..... 234
2. The trial of an appeal from the county board should not proceed in the district court until proper pleadings have been filed. *Id.*
3. On appeal from a justice of the peace or county court plaintiff has fifty days from rendition of judgment to file his petition in appellate court. *Beard v. Binger*..... 831
4. The time for defendant to answer in a case appealed to the district court does not begin to run until fifty days from date of judgment appealed from, excluding the day on which it was rendered. *Id.*
5. A mere mistake of fact will not excuse an appellant from filing in the district court within thirty days his transcript of appeal from a justice court. *Howard v. Goodrich Lodge Hall Association*..... 700

Appraisal. See HOMESTEAD, 4.**Architects.** See MECHANICS' LIENS, 2.**Arguments.** See BRIEFS.**Assault.**

Sufficiency of evidence to sustain conviction for assault where accused was charged with an assault with intent to commit rape. *Wanser v. State*..... 236

Assignments. See MORTGAGES, 1-4. PLEDGES.**Assignments for Benefit of Creditors.** See VOLUNTARY ASSIGNMENTS.**Assignments of Error.** See REVIEW, 25, 30-36.**Assumpsit.**

Discussion of an instruction on measure of damages in an action to recover for services in constructing a well where employer prevented completion of contract. *Roberts v. Drehmer* 310

Attachment. See ESTOPPEL, 5. EXECUTIONS. HOMESTEAD, 3.**Attorneys.** See BRIEFS.

Should not in argument reflect upon the integrity of a district judge. *Foley v. Holtry* 566

Banks and Banking.

Proof showing the adoption and recording of articles of incorporation, and that the bank had acted thereunder for years, is sufficient to establish the bank's corporate existence in a collateral attack. *Haas v. Bank of Commerce*..... 754

Bastardy.

1. A bastardy proceeding is essentially a civil action, and can only be tried on its merits in the district court. *Muare v. Callahan*..... 849
2. A justice of the peace on a hearing under a charge of bastardy should not receive testimony on behalf of accused. *Id.*
3. Prosecution may be had in the county of complainant's residence where the child is liable to become a public charge, notwithstanding complainant may have a legal settlement elsewhere. *Clark v. Carey*..... 780
4. The court may, in its discretion, order the accused, on conviction, to pay complainant a specific sum for the support and education of the child. *Id.*

Beneficiaries. See INSURANCE, 1-7.

Bids. See JUDICIAL SALES, 2.

Bill of Exceptions. See REVIEW, 18-22.

1. Affidavits used on motion to vacate default will not be considered on review unless embodied in a bill of exceptions. *Beard v. Ringer*..... 831
2. A bill of exceptions must contain all the evidence. A reference to a bill in an independent case is not sufficient. *Lowe v. Riley*..... 812

Bill of Sale. See FRAUDULENT CONVEYANCES, 5. VOLUNTARY ASSIGNMENTS.

Bona Fide Holders. See NEGOTIABLE INSTRUMENTS, 1.

Bonds. See BUILDERS' BONDS. INTOXICATING LIQUORS, 1. SCHOOL DISTRICTS.

Sureties on a contractor's bond to a city are not released from their obligation to pay a laborer his wages because the city overpaid the contractor and extended the time to complete the work. *Doll v. Crums*..... 656

Breach of Contract. See CONTRACTS.

Briefs. See REVIEW, 15-17.

1. Points not argued will be deemed waived. *Gulick v. Webb*, 708
2. An attorney should not in his brief assail the personal and professional character of opposing counsel. *Sonnenschein v. Bartels*..... 703

Builders' Bonds.

The record of a decree showing the existence of a mechanic's lien may be admitted in evidence over the objection of a surety on a bond against incumbrance, in an action on the bond, though the surety was not a party to the foreclosure proceeding. *Comstock v. Cameron*..... 814

Builders' Contracts. See **CONTRACTS.****Buildings.** See **REPLEVIN, 2.****Burden of Proof.** See **CHATTEL MORTGAGES, 2, 3. CORPORATIONS, 13. FRAUDULENT CONVEYANCES, 6. LANDLORD AND TENANT, 2. NEGOTIABLE INSTRUMENTS, 2.****Burglary.** See **INDICTMENT AND INFORMATION.****Carriers.** See **INTERSTATE COMMERCE. RAILROAD COMPANIES.****Chattel Mortgages.**

1. A mortgage of personal property with possession and power of sale in the mortgagor is void as to creditors and subsequent purchasers in good faith. *Paxton v. Smith*..... 56
2. Where mortgagor retains possession of chattels, the mortgage is presumptively fraudulent, under sec. 11, ch. 32, Comp. Stats., as to creditors and subsequent purchasers in good faith. *Id.*
3. In such cases the burden of proof is upon the mortgagee to show that the mortgage was executed in good faith. *Id.*
4. A chattel mortgage is not void solely because it is made to secure payment of debts to third persons as well as the mortgagee. *Davis v. Hilbourn* 35
5. A debtor in failing circumstances while acting in good faith may prefer a certain creditor and secure him by chattel mortgage. *Meyer v. Union Bag & Paper Co.*..... 67
6. A description suggesting inquiry which will enable a person to locate the property and identify it is sufficient. *Love v. Putnam* 86
7. Sufficiency of evidence to warrant a finding that a purchaser of mortgaged chattels had actual notice of the mortgage lien. *Id.*

Church Property. See **MUNICIPAL CORPORATIONS, 2.****Circumstantial Evidence.** See **EVIDENCE, 2, 3.****Cities.** See **MUNICIPAL CORPORATIONS.****Class Legislation.** See **CONSTITUTIONAL LAW, 1, 2.****Collateral Attack.** See **BANKS AND BANKING. MUNICIPAL CORPORATIONS, 1.**

Collateral Facts. See FRAUD, 1.

Collateral Security. See PLEDGES.

Commission. See REAL ESTATE AGENTS.

Compounding Felony. See DURESS.

Compromise. See CONTRACTS, 3.

Compromise and Settlement.

Campbell v. Baxter 736

Concurrent Insurance. See INSURANCE, 12.

Conflict of Laws.

1. In the construction by Nebraska courts of a mortgage upon Iowa land executed in Iowa the law of that state governs. *Whipple v. Fowler*..... 676
2. Where a conveyance of Iowa land is executed in Nebraska the law of Iowa will govern in an action for breach of covenant. *Riley v. Burroughs*..... 296

Consideration. See CONTRACTS, 1-6.

Conspiracy.

Acts and declarations of conspirators which are parts of the *res gestæ*, and therefore admissible against their co-conspirators, include those only which are done and made during the pendency of the conspiracy and in furtherance of its objects. *Stratton v. Oldfield* 702

Constitutional Law. See MUNICIPAL CORPORATIONS, 2, 4.

1. An entire legislative act will be declared void where it is apparent that the inducements for its passage were sections which are unconstitutional. *Low v. Rees Printing Co.*..... 127
2. Chapter 54, Session Laws, 1891, enacting that, except for farm and domestic labor, a day's work shall not exceed eight hours, and requiring employers to pay extra compensation for working their employes over the time limited, is unconstitutional as special legislation and denying the right of persons to contract with reference to compensation for services. *Id.*
3. "Ascertained," as used in sec. 4, art. 11, constitution, under "Miscellaneous Corporations," means "judicially ascertained." *Globe Publishing Co. v. State Bank of Nebraska*.... 176
4. The act of 1891, ch. 48, providing that the state treasurer shall pay warrants drawn against other funds out of the permanent school fund, is in conflict with sec. 9, art. 8, of the constitution, which prohibits the transfer of the permanent school fund to any other fund. *State v. Bartley*... 278

Construction. See **CONTRACTS.**

Construction Companies. See **CONTRACTS, 1-3.**

Constructive Service. See **SUMMONS, 1.**

Continuance.

A ruling on a motion for continuance will not be reversed except for an abuse of discretion. *Clark v. Carey*..... 780

Contracts. See **CONFLICT OF LAWS, 2. CONSTITUTIONAL LAW, 1, 2. CORPORATIONS, 3, 5. DAMAGES, 13. DRAINAGE CONTRACTS. ESTOPPEL, 4. INSURANCE, 1-7, 14. MASTER AND SERVANT, 7. MERGER. MUNICIPAL CORPORATIONS, 6, 9. PRINCIPAL AND AGENT, 3. SALES. SET-OFF, 1. SPECIFIC PERFORMANCE. TRIAL, 4.**

1. Where a construction company having contracted to build a line of railroad had completed its work according to contract, an agreement by its president, without authority, to accept payment at less than the contract price, was without consideration and did not release the other contracting party from full payment. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 375
2. Proof of a defective compliance with the laws of congress as to acquiring right of way, without proof that the railway company had been evicted or required to yield possession, will not entitle it to recover damages against the party whose duty it was to procure the right of way. *Id.*.....378, 451
3. The present acceptance by a railroad company from a construction company of unfinished work is a sufficient consideration for a stipulated deduction by the latter, made as a compromise between the parties, from the contract price of finished work. *Id.*..... 375
4. Mutual promises are a sufficient consideration to support a contract. *Morrow v. Jones* 867
5. The awarding of a contract by a city for an improvement is a sufficient consideration for a promise to the city by the contractor to pay all his laborers and material-men. *Doll v. Crume* 655
6. Neither the promise to do nor the actual doing of that which the promisor is by law or subsisting contract bound to do is a sufficient consideration to support a promise in his favor. *Esterly Harvesting Machine Co. v. Pringle*..... 265
7. A party suing on a written contract is limited by its terms. *Patterson v. Murphy* 818
8. Compensation of contractor for partial performance where

Contracts—concluded.

- the owner terminates a building contract under a provision authorizing him to do so. *Von Dorn v. Mengedoh*..... 525
- 9. The construction of the parties will generally be adopted by the court in giving effect to the provisions of a contract. *Paxton v. Smith*..... 56
- 10. Provision of contract for stipulated damages construed. *Gillilan v. Rollins*..... 540
- 11. Construction of contract of employment under which an employe claimed the right to engage in independent enterprises on his own account while in charge of store, bridge, and stables of his employer. *Clarke v. Kelsey*..... 766

Contributory Negligence. See NEGLIGENCE.

Conversion.

- 1. In stating a cause of action for conversion it is sufficient to allege ownership generally. *Reed v. McBill*..... 206
- 2. Where one of the tenants in common of grass and hay seizes the whole crop and disposes of it in denial of the rights of the other the latter may maintain trover for his share. *Id.*

Conveyances. See CONFLICT OF LAWS, 2. DEEDS. FRAUDULENT CONVEYANCES. MORTGAGES. VENDOR AND VENDEE.

Corporations. See FALSE REPRESENTATIONS. MUNICIPAL CORPORATIONS.

- 1. When a law prescribes what the liability of a stockholder in a corporation to creditors shall be, it prescribes the liability in a corporation *de jure*. *Globe Publishing Co. v. State Bank of Nebraska*..... 175
- 2. When such a statute so prescribes the amount for which a stockholder shall be liable, it is intended as a limitation upon his exemption from liability for corporate debts. *Id.*
- 3. Under such a statute, when persons organize themselves into a *de jure* corporation, the statute becomes a part of the charter, and the statute and the rights of creditors acquired thereunder are contractual. *Id.*
- 4. A statute providing that, until certain things are done by persons forming a corporation, the stockholders thereof shall be liable for the corporate debts, is declaratory of the common law. *Id.*
- 5. Until the requirements of such a statute have been complied with, stockholders are jointly and severally liable

Corporations—concluded.

for the debts, and such a statute and the rights of creditors acquired thereunder are contractual. *Id.*..... 176

6. A law commanding a corporation to do certain acts, and declaring that all stockholders shall be liable for the corporate debts in case the corporation fails to comply with the statutory requirements, is penal. *Id.*
7. Section 136, ch. 11, Gen. Stats., 1873, repealed April 6, 1891, providing for publication of notice of corporate debts, and for liability of stockholders, was penal. *Id.*
8. Failure, through mistake, to become a *de jure* corporation does not render stockholders liable on contracts with creditors of the corporation where it has for a considerable time in good faith exercised corporate functions unchallenged by the state. *Id.*
9. Creditors of a *de jure* corporation have no right of action against a stockholder before their claims against the corporation have been reduced to judgment and execution returned unsatisfied. *Id.*
10. Any stockholder of a corporation, whose officers have abused their trust in the interest of another corporation, may maintain in his own name, in behalf of his corporation, an action for redress and for an accounting between the two corporations, impleading both as defendants. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 374
11. Acquiescence by a stockholder will not bar a recovery in a suit brought by him, in behalf of a corporation, to recover for wrongs committed by its officers in the interest of another corporation. *Id.*..... 375
12. A corporation is liable civilly for all damages occasioned by the torts of its officers or agents committed within the scope of their employment. *Id.*
13. The burden of proof devolves upon corporate officers purchasing securities of a corporation at a discount to show affirmatively that the price paid was the fair value of the securities. *Id.*
14. An organization which attempts in good faith to incorporate a body under lawful authority and exercises corporate functions is a corporation *de facto*, and the legal existence thereof cannot ordinarily be attacked collaterally. *Haas v. Bank of Commerce* 754

Costs. See COUNTIES, 1, 2.

1. A judgment for costs will not be reviewed where the party

Costs—concluded.

- aggrieved fails to file a motion to retax and obtain a ruling thereon. *Haskell v. Valley County*..... 235
- Roberts v. Drehmer* 306

Co-Sureties. See PRINCIPAL AND SURETY, 2.

Counties. See DRAINAGE CONTRACTS. GRAND JURY.

1. A county clerk is required to collect, enter upon his fee book, and report to the county board two dollars for each properly certified list of liens upon land seized by the sheriff on execution. *State v. Hazelet* 257
- State v. Scott* 263
2. A county clerk has no authority to charge for official services less than the fees prescribed by statute. *Id.*
3. Under ch. 50, Session Laws, 1891, the county board should act on the propositions of each bank to become a depository of current funds as well as approve the bond incident to that relation. *State v. Owen*..... 651
4. The fact that a treasurer designated the bank and fixed the amount of its bond as depository of county funds gives the bank no right to *mandamus* the county board to approve the bond presented by the bank. *Id.*

County Board. See APPEAL, 1. COUNTIES, 3, 4.

County Clerks. See COUNTIES, 1, 2.

County Court. See APPEAL, 5.

Courts. See DAMAGES, 3, 4. JUSTICE OF THE PEACE. STATUTES, 1.

Covenants. See CONFLICT OF LAWS, 2.

Creditor's Bill. See FRAUDULENT CONVEYANCES, 2, 3.

Criminal Law.

1. Where accused introduces evidence of his good character it is not competent for the prosecution to put in evidence specific acts to prove it to be bad. *Patterson v. State* 538
2. A trial court is only justified in directing a verdict of not guilty where there is a total failure of proof, or where the testimony is too weak to support a conviction. *Wanzer v. State*..... 239
3. Objections to instructions not raised in the court below by motion for new trial will not be reviewed in the supreme court. *Id.*
4. An assignment in a petition in error, "Error of law occurring at the trial," is insufficient to present for review rulings on admission or exclusion of testimony. *Id.*

Criminal Law—concluded.

5. Objection to an indictment or information on the ground of duplicity must be made before verdict, or it will be held to have been waived. *Aiken v. State* 263
6. An order overruling a motion for a new trial will not ordinarily be disturbed on the ground of admissions of a juror as to his knowledge of the character of accused where the admissions have no reference to the facts in issue. *Lamb v. State*..... 356

Crops. See CONVERSION, 2. REPLEVIN, 4.

Current Funds. See COUNTIES, 3, 4.

Custody of Infants. See PARENT AND CHILD.

Damages. See DRAINAGE CONTRACTS. EXECUTIONS, 3. MUNICIPAL CORPORATIONS, 4, 5. NEGLIGENCE, 1. NUISANCE, 1, 3. PRACTICE, 2. REPLEVIN, 3. SURFACE WATERS.

1. Provision of contract for stipulated damages construed. *Gillilan v. Rollins* 540
2. The law awards damages, for personal injuries resulting from negligence, as compensation for pecuniary loss, pain and suffering, and not as a punishment of the negligent party. *Fremont, E. & M. V. R. Co. v. Leslie*..... 150
3. A judge has no jurisdiction outside the county where an action for damages for an injury is pending to require plaintiff to submit his body to the personal examination of a board of physicians previously appointed. *Ellsworth v. City of Fairbury* 681
4. Plaintiff's objections to the validity of an order directing him to submit to a personal examination were waived when he selected a physician and submitted to the order without objection. *Id.*
5. Plaintiff's verdict of one hundred dollars for thirty-eight weeks' inability to work was set aside as inadequate, where his earning capacity before the injury was shown to be from eight to ten dollars per week. *Id.*
6. Compensation for mental suffering is an element of damage in actions for trespass to property where the wrongful act was inspired by fraud or malice. *Murray v. Mace*..... 60
7. The measure of damages for taking or destroying personal property, in absence of fraud or malice, is compensation for plaintiff's loss. *Id.*..... 61
8. Judgment against an officer of a corporation, for damages

Damages—concluded.

- for inducing plaintiff by false representations to buy worthless corporate stock, affirmed. *Carruth v. Harria*..... 789
9. In an action by an agent against a manufacturer for breach of a contract granting the former the exclusive right to sell manufactured articles in a specified territory, the measure of damages is the profit which he shows he was prevented from realizing. *Russell v. Horn, Brannen & Forsyth Mfg. Co.*..... 568
10. In an action by an agent against a manufacturer for failure to deliver goods which the latter contracted to sell and deliver, the measure of damages is the difference between the contract price and the market value at the time and place where the goods should have been delivered. *Id.*
11. Measure of damages where a builder abandons his contract before completion of his work. *Von Dorn v. Mengedoh*... 525
12. Measure of contractor's damages where the owner wrongfully terminates a building contract after partial performance. *Id.*
13. An employe is entitled to compensation for services rendered in part performance of a contract and profits to be made where his offer to complete has been rejected by his employer. *Roberts v. Drehmer*..... 310

Death by Wrongful Act.

Sufficiency of evidence to justify the court in submitting case to the jury where the action was to recover damages from defendant for negligently causing the death of an employe who fell from a moving car as the result of an alleged defective railroad track, no one having seen him fall. *Union Stock Yards Co. v. Conoyer*..... 617

Deceit. See ESTOPPEL, 1. FALSE REPRESENTATIONS.

Deeds. See CONFLICT OF LAWS, 2. MORTGAGES, 5-8. SPECIFIC PERFORMANCE. TRIAL, 8. TRUSTS.

1. A deed executed, acknowledged, and delivered is valid between the parties and those having knowledge of its existence, although not witnessed. *Pearson v. Davis*..... 608
2. Sufficiency of evidence to sustain a finding that land was sold and conveyed, and that subsequently the grantor executed and delivered another conveyance to the same grantee to correct an irregularity in the former deed. *Id.*

Default. See JUDGMENTS, 3.

Delivery. See SALES.

Depositions.

1. Where a witness does not reside in, or has removed from, the county, his deposition, otherwise unobjectionable, is admissible. *Grimes Dry Goods Co. v. Shaffer* 112
2. The deposition of a witness who resides in the county should not be read in evidence unless it appears that he is absent therefrom or cannot be present at the trial. *Muare v. Callahan*..... 849

Depositories. See COUNTIES, 3, 4.

Descent.

- Under the statute of descent the murder of an ancestor by his heir does not affect the latter's right to the inheritance. *Shellenberger v. Ransom* 631

Dismissal. See REVIEW, 6.

- A plaintiff cannot, as a matter of right, dismiss his action after the final submission of the case to the court or jury. *State v. Hazlet*..... 257
State v. Scott..... 263

Distribution. See MORTGAGES, 2.

Docket Entries. See JUDGMENTS, 4.

Drainage Contracts.

- Reletting under the provision of sec. 20, ch. 89, Comp. Stats., is not the exclusive method of determining the amount of damage for a breach of the contract on part of the contractor. *McDonald v. Dodge County*..... 905

Duress.

- In an action to foreclose a mortgage executed under threats to prosecute the mortgagor's son, the latter's guilt is immaterial as bearing upon the defense of duress. *Beindorf v. Kaufman*..... 824

Eight Hour Law. See CONSTITUTIONAL LAW, 1, 2.

Ejectment. See TRIAL, 8.

Elections.

- Validity of election by school district called for purpose of issuing bonds and authorizing tax levy. *Fullerton v. School District*..... 594

Equity. See ESTOPPEL, 4. EXECUTIONS, 2. MORTGAGES, 6.
 QUIETING TITLE. REVIEW, 13.

Error. See APPEAL. REVIEW.

Error Proceedings. See REVIEW.

Escrow. See MORTGAGES, 3.

Estoppel. See CORPORATIONS, 11. INSURANCE, 1, 11, 12.
SALES, 2.

1. One who by his words or conduct willfully causes another to believe in and act under certain facts is estopped from averring against the latter a different state of things as existing at the same time. *Cain v. Boller* 721
2. A corporation charged by law with a public duty is estopped from saying that it delegated the performance thereof to another where it has been sued for an injury resulting from a failure to perform the duty. *City of Beatrice v. Reed* 214
3. A laborer who worked for the contractor of a city is not estopped from enforcing against the sureties on his employer's bond their promise to pay all laborers, because the city overpaid the contractor and extended the time to complete the work. *Doll v. Crume* 656
4. A person who receives corporate stock in exchange for land cannot rescind where he acts as a director of the corporation and knowingly permits without objection valuable improvements to be made on the land after learning that the representations to induce him to make the exchange were false. *Foley v. Holtry* 563, 566
5. Case where a shipper was estopped from asserting title to goods as against attaching creditors of one who made the purchase, wrongfully claimed to represent the consignee and subsequently took the goods from possession of the latter, the consignor having advised the creditors to prosecute the attachment to judgment and sale. *Kirkendall v. Davis* 285

Evidence. See BANKS AND BANKING. BUILDERS' BONDS.
CONSPIRACY. CRIMINAL LAW, 1. DAMAGES, 3.
DEPOSITIONS. DURESS. FRAUD, 1. FRAUDULENT CONVEYANCES, 4. HOMESTEAD, 2. INTEREST. MASTER AND SERVANT, 7. MERGER. NEW TRIAL, 4. NUISANCE, 4, 5. PLEADING, 2. REVIEW, 9. USURY, 3, 4.

1. Admissibility of evidence to determine what constitutes "one-third of the qualified voters of such district," as the phrase is used in sec. 3, subd. 15, ch. 79, Comp. Stats. *Fullerton v. School District* 594
2. A fact which may be reasonably inferred from all the circumstances proved in a case may be considered as established. *Union Stock Yards Co. v. Conoyer* 617
3. In civil actions it is sufficient if the evidence agrees with and supports the hypothesis it is adduced to prove. *Id.*

Evidence—concluded.

4. Under an issue as to whether an injured person had an opportunity to alight from a train, the remark of a brakeman, at the time, concerning the length of the stop was properly admitted in evidence. *Omaha & E. V. R. Co. v. Chollette*..... 586
5. A deed absolute in form may be shown by parol to be a mortgage. *Morrow v. Jones*..... 868
6. Where a subscribing witness is absent, the execution of the instrument may be established by other evidence. *Jewell v. Chamberlain*..... 254
7. An engineer who examined the work after a drainage contract had been abandoned may testify to the cost of completing the ditch. *McDonald v. Dodge County*..... 905
8. A receipt is incompetent evidence of payment as against strangers. *Ellison v. Albright*..... 93
9. Admissibility of statements of account made by plaintiff's agent in an action on account stated. *Sterling Lumber Co. v. Stinson*..... 368
10. A judicial record may be proved by producing the original or a copy thereof, properly authenticated by the proper officer. *Burge v. Gandy*..... 149
11. A written contract for the construction of a line of railroad only does not preclude the introduction of parol evidence of a subsequent contract for supply of cattle yards, telegraph line, and other extras necessary to equipment and operation of the road, and not within the terms of the written contract. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 376

. **Executions. See TRESPASS.**

1. Where defendants have complied with the requirements necessary to obtain homestead rights no valid sale of the premises levied upon can be made until the property has been appraised as provided by statute. *Quigley v. Monery*..... 74
2. Where the liability of sureties is equal a court of equity should not control the sheriff in executing the writ. He may levy upon the property of all the sureties or satisfy the judgment out of the property of one of them. *Minick v. Brock*..... 515
3. Plaintiffs who indemnify and direct the sheriff in a wrongful levy upon, and sale of, the goods of one person under execution and attachment against another, are jointly liable with the officer and his sureties. *Wonderlick v. Walker*, 806

Factors and Brokers. See REAL ESTATE AGENTS.

False Representations.

One who relied upon the willful and fraudulent representations of an officer of a corporation, and was thereby induced to buy its worthless stock, without means of knowing the statements were false, may maintain an action against the officer for damages. *Carruth v. Harris* 789

Fees. See COUNTIES, 1, 2. COSTS.

Fellow-Servants. See MASTER AND SERVANT, 1, 4.

Findings. See JUDGMENTS, 2. REPLEVIN, 3.

Fire Insurance. See INSURANCE.

Foreclosure. See TAXATION, 4.

Foreign Laws. See INTEREST.

Forgery. See TRIAL, 8.

Fraud. See ESTOPPEL, 5. FALSE REPRESENTATIONS. STATE OF FRAUDS.

1. Where the issue is fraud evidence may be received of collateral facts, including subsequent events, provided they shed light upon the transaction involved and tend to explain the motives of the parties. *Sonnenschein v. Bartels* 703
2. Test in determining relevancy of collateral facts in such cases. *Id.*

Fraudulent Conveyances. See CHATTEL MORTGAGES, 1-3.

1. Judgment canceling conveyance as fraudulent will not be disturbed when supported by sufficient evidence. *Vandear v. Johnson*..... 577
2. Sufficiency of evidence to support finding for defendant in creditor's bill to cancel certain conveyances. *Hunt v. Huffman* 244
3. A debtor in failing circumstances may prefer one creditor to the exclusion of others. Whether the creditor acts with a fraudulent intent is a question for the jury. *Meyer v. Union Bag & Paper Co.*..... 67
Hunt v. Huffman..... 249
4. Where the existence of fraud is to be determined by evidence collateral to the writing, whereby the alleged fraudulent transfer was effected, the question is for the jury. *Grimes Dry Goods Co. v. Shafer*..... 112
5. Verdict sustained in a case where the jury found a bill of sale of a stock of goods was fraudulently executed by a

Fraudulent Conveyances—concluded.

debtor and accepted by one of his creditors under an agreement that the latter should make sales, pay certain claims, and return the goods remaining unsold. *Id.*

6. In a suit between a wife and her husband's creditors the burden is upon her to establish the *bona fides* of his conveyances to her where they were executed after he contracted the debts. *Melick v. Varney* 105

Fraudulent Representations. See ESTOPPEL, 4.**Gas Companies. See NUISANCE.****Grand Jury.**

1. No grand jury can be lawfully organized unless its selection and impaneling has been previously ordered by a judge of the district court in which it is to act. *State v. Lauer*..... 226
2. The judge in his order may require that the jurors be summoned to appear at the first day or at any other specified day of the term at which they are to appear. *Id.*..... 227
3. In counties having seventy thousand inhabitants or more an order for a grand jury must be in writing and filed with the clerk of the district court more than twenty days before the first day of the term. *Id.*
4. The county board must select the persons from whom the jury is to be impaneled at least twenty days before the term. *Id.*

Habeas Corpus. See PARENT AND CHILD.**Harmless Error. See NEW TRIAL, 1.****Hearsay Evidence. See EVIDENCE, 8.****Homestead.**

1. Intention to abandon and actual abandonment must concur to show an abandonment of a homestead. *Quigley v. McEvony*..... 74
2. Evidence that claimants took legal advice on the law of abandonment before going away from the premises is competent in proving there was no intention to abandon their homestead. *Id.*..... 84
3. The homestead character of real estate is not a proper question to be determined upon a motion to discharge an attachment. *Id.*..... 73
4. Procedure in selecting property, and duty of creditor to apply for appraisal before sale. *Id.*
5. Sufficiency of compliance with statutory requirements in

Homestead—concluded.

selection of homestead where wife's land had been levied upon for her individual debt, she having signed notice and caused it to be served upon the sheriff while her husband was absent from the state. *Id.*

Homicide. See DESCENT.

**Husband and Wife. See FRAUDULENT CONVEYANCES, 6.
HOMESTEAD.**

1. The married woman's act does not deprive the husband of his right of action for the loss of services or companionship of his wife. *Omaha & R. V. R. Co. v. Chollette*..... 580
2. A married woman may contract as surety for her husband. *Briggs v. First Nat. Bank of Beatrice*..... 17
3. A contemporaneous loan of money to the husband is a sufficient consideration for the wife's signature to a note to secure the debt. *Id.*

Impeachment. See WITNESSES.

Incorporation. See CORPORATIONS.

Indemnity. See EXECUTIONS, 3.

Indictment and Information.

Different criminal acts which constitute parts of the same transaction, such as burglary with intent to steal particular property, and larceny of the property described, may be charged in the same indictment or count thereof.

Aiken v. State..... 284

Infants. See PARENT AND CHILD.

Information. See INDICTMENT AND INFORMATION.

Inheritance. See DESCENT.

Injunction.

1. In a proper case an officer may be restrained from selling a surety's property under execution until that of the principal debtor has been exhausted. *Minick v. Brock*..... 512
2. Dismissal of petition to restrain defendant from moving a house by virtue of a writ of replevin was properly entered under evidence in a case where the parties regarded the building as personalty. *McDaniel v. Lipp*..... 713

Insanity.

The defense of insanity may be interposed in an action upon a contract without restoring what the insane person received thereunder, in cases where the ability does not remain of restoring what was received in specie. *Eas v.*

Bishop 202

Instructions. See CRIMINAL LAW, 3. REVIEW, 23-26, 29-31.

1. An instruction not excepted to will not be reviewed. *Wiseman v. Ziegler*..... 896
2. Instructions should be considered as a whole, and not by detached paragraphs. *Love v. Putnam*..... 86
3. It is not error to refuse correct instructions, the substance of which have already been given. *Id.*..... 92
4. A charge not warranted by the evidence and misleading should not be given. *Roberts v. Drehmer*..... 306
Bloedel v. Zimmerman..... 696
5. On preponderance of evidence and credibility of witnesses where testimony is conflicting. *Johnson v. Guss*..... 20
6. Whether such facts are shown as, in view of conflicting evidence, will sustain or defeat a recovery, is not within the province of a trial judge to instruct the jury. *Union P. R. Co. v. Cobb*..... 120
7. An instruction in which it is intended to include all the issues under the pleadings and evidence, should not be given when it omits one of the material elements. *Curry v. Harris*..... 789

Insurance.

1. A relief department in the nature of a mutual insurance association in connection with a railroad company, by deducting from the wages of an employe assessments on the basis of membership, with knowledge that he made no formal application and had not been examined as required by the rules of the department, is estopped from disputing his membership. *Burlington Voluntary Relief Department v. White*.....547, 548, 562
2. The tender of a time check for the purpose of refunding the assessment to the employe after injury did not release the department from liability. It was not a legal tender and liabilities had already accrued. *Id.*
3. Where all of the transactions between the applicant and insurer in such a case are known to the superintendent of the department, no question arises as to the authority of subordinate employees to waive requirements. *Id.*
4. The department was not released in such a case under a rule providing that where an employe had made a proper application and passed a physical examination the department should only be liable during a delay in the approval of his application for injuries or death caused by accident. *Id.*

Insurance—continued.

5. A rule of the department, requiring all controversies arising between it and a member to be submitted to the superintendent for final determination subject to appeal to an advisory committee, does not prevent the widow of an employe from maintaining an action to enforce a liability accruing to her after membership ceased. She could not be bound by a decision of the officers of the association. *Id.*
6. A decision by the superintendent, without a hearing, that an employe is not a member, does not prevent the widow of an employe from maintaining an action against the department where assessments were deducted from her husband's earnings on the basis of membership. *Id.*
7. Under the rules of the department the widow of the employe was held to be his beneficiary, no one having been designated. *Id.*.....549, 561
8. A clause in a policy prohibiting agents from waiving its terms does not prevent the insured from showing that the insurer, through its agents, accepted acts of the insured as a sufficient compliance with the terms of the policy. *Phenix Ins. Co. of Brooklyn v. Rad Bila Hora Lodge*..... 21
9. Under the provisions of the policy sued on, notice of loss in writing sent to the office designated by the policy was sufficient when not objected to and no other proof was demanded. *Id.*
10. Case in which notice of loss was sufficient where the insured orally notified the company's local agent and the latter forwarded written notice to the company's office. *Id.*
11. Where agents induce the insured to withhold suit under a belief that the loss will be paid, the company is estopped from claiming that an action was not commenced within the time limited by the policy. *Id.*
12. The insurer is estopped after loss to insist that it is not liable, because consent to concurrent insurance was not given in writing, where its agent issued the policy knowing of the existence of other insurance. *Phenix Ins. Co. v. Covey*..... 724
German-American Ins. Co. v. Covey..... 728
13. Where a mortgage slip is attached to a policy at date of issuance, the rights of the mortgagee thereunder are not affected by failure of the owner of the fee to give the insurer notice of a conveyance of the insured premises or to obtain consent of the company to execute it, and the neg-

Insurance—concluded.

- lect of mortgagee to give such notice does not invalidate the policy as to him. *Phenix Ins. Co. of Brooklyn v. Omaha Loan & Trust Co.*..... 835
14. The mortgagee under a mortgage slip has a direct contractual relation with the insurer not dependent on the observance by the mortgagor of the conditions of the policy. *Id.*
15. The mortgagee under a mortgage slip attached to a policy may maintain an action for a loss after assignment of the mortgage with guaranty of payment of the debt where he does not transfer, but retains possession of, the policy. *Id.*

Interest.

- In absence of proof the rate of interest in another state is presumed to be the same as it is in Nebraska. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 376

Interstate Commerce.

- The Interstate Commerce Act, when it took effect, abrogated all existing contracts with common carriers for special interstate rates, and vested in the federal tribunals exclusive jurisdiction to adjust interstate rates. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 378

Intoxicating Liquors.

1. Minor children, whose father has been incapacitated by intoxication for providing for his family, may maintain an action for loss of support against the persons who sold him the liquor and their bondsmen. *Bloedel v. Zimmerman* 696
2. An instruction making reference to refusal of the children to occupy a home with their father was held to be erroneous. *Id.*
3. Case where a verdict for defendants was against the evidence. *Id.*

Judgments. See REPLEVIN, 3: RES ADJUDICATA. REVIEW, 1.

1. The pendency of a motion for a new trial does not supersede a judgment or stay execution thereof. *Von Dorn v. Mengedoh.*..... 526
2. A judgment without a finding to support it is not void, but erroneous. *Gordon v. Little*..... 250
3. A ruling on a motion to vacate default and let defendant into a defense will not be set aside except for an abuse of discretion by the trial court. *Lichtenberger v. Worm*... 856
4. Copy of docket entries set out in opinion held insufficient to show a judgment. *Burge v. Gandy*..... 149

Judgments—concluded.

5. Upon review approved journal entry is indisputable evidence of what the judgment is. *Brown v. Ritter*..... 53
6. Judgment ordering money paid to a minor in a bastardy case affirmed where the validity of the order was not properly raised. *Clark v. Carey* 788
7. The lien of a judgment attaches merely to the interest of the judgment debtor in his land, and is subordinate to every equity existing against him at the time it attached. *Pearson v. Davis*..... 608

Judicial Records.

A judicial record is a precise history of a suit from its commencement to its termination, including the conclusion of law thereon, drawn by the proper officer for the purpose of perpetuating the exact state of facts. *Burge v. Gandy*, 149

Judicial Sales. See EXECUTIONS.

1. Notice of sale was held sufficient where it was first published March 21, and the sale occurred April 25, thirty days having intervened between first publication and sale. *Von Dorn v. Mengedoh*..... 526
2. Persons desiring to purchase, jointly, property at sheriff's sale may make a valid agreement authorizing a joint bid by an individual for the benefit of all where there is no purpose to avoid competition. *Gulick v. Webb* 706

Jurisdiction. See DAMAGES, 3. INTERSTATE COMMERCE. PLEADING, 5.

Jury. See CRIMINAL LAW, 6. GRAND JURY. TRIAL, 8.

Justice of the Peace. See APPEAL, 5.

The guilt or innocence of one charged with bastardy cannot be determined before a justice of the peace. *Munro v. Callahan* 849

Landlord and Tenant. See MECHANICS' LIENS, 5, 6. REPLEVIN, 4. TENANCY IN COMMON.

1. As a rule the tenant is liable to strangers for injuries resulting from a negligent or improper use of demised premises. *Anheuser-Busch Brewing Association v. Peterson* 897
2. In an action against a tenant for injury to leased premises the burden is upon him to prove his defense where he answers that the acts causing the alleged injuries were directed by the landlord. *Olson v. Webb*..... 147

Larceny.

1. Sufficiency of evidence to justify conviction. *Lamb v. State*..... 356

Larceny—concluded.

2. Judgment reversed because the evidence was insufficient to justify conviction. *Clarke v. State* 370

Levy. See EXECUTIONS, 3.

Lex Rei Sitæ. See CONFLICT OF LAWS, 1.

Liens. See COUNTIES, 1, 2. JUDGMENTS. TAXATION, 1.
Esterly Harvesting Machine Co. v. Pringle 265

Limitation of Actions. See TAXATION, 3.

1. An action to redeem real estate may be brought at any time within ten years. *Morrow v. Jones* 868
2. The defense of the statute of limitations, if not raised by demurrer or answer, is waived. *Scroggin v. National Lumber Co.* 196
3. An answer in a case to foreclose a mechanic's lien alleging merely that the action was not brought within the time required by law, or until after the lien had expired by lapse of time, states conclusions merely and is insufficient. *Id.*

Liquidated Damages. See PENALTY.

Liquors. See INTOXICATING LIQUORS.

Mandamus. See COUNTIES, 4.

Married Women. See HUSBAND AND WIFE.

- Married women may bargain for and purchase personal property, sell the same, and do all acts in relation to such property as though single. *Melick v. Varney* 106

Master and Servant. See INSURANCE, 1-7.

1. Employment in the service of a common master is not alone sufficient to constitute two men fellow-servants so as to exempt the master from liability to one for injuries caused by the other's negligence. *Union P. R. Co. v. Erickson* 2
2. One repairing a railroad track is not a fellow-servant of a fireman who passes on an engine. *Id.*
3. Where coal falls from the tender of a passing engine and injures a section hand the question of the railroad company's negligence in loading the coal is for the jury in an action for damages. *Id.* 1
4. In such a case the injured section man may prove that it was practicable to place railings on tenders to safely increase their capacity and that the tender from which the coal had fallen was without a railing. *Id.* 2

Master and Servant—concluded.

5. Insufficiency of evidence to sustain verdict in favor of a brakeman on a railroad for damages for injuries resulting from alleged negligence. *Erb v. Eggleston* 860
6. In an action by an employe for damages for personal injuries the evidence discussed in the opinion held sufficient to support a finding that the injuries resulted from negligence of defendant's employes and not from contributory negligence of plaintiff. *Fremont, E. & M. V. R. Co. v. Lealie*, 159
7. Parol evidence is competent to show that services rendered after expiration of a term of hiring were not rendered under the terms of the original contract of employment. *Hale v. Sheehan* 102
8. Right of master to all of the time and attention of superintendent in charge of bridge, store, and stables under the contract of employment set out in opinion. *Clarke v. Kelsey* 766

Measure of Damages. See DAMAGES.

Mechanics' Liens. See BUILDERS' BONDS. JUDICIAL SALES, 2.

1. *Cain v. Boller*..... 723
2. An architect who performs his contract is entitled to a lien. The law makes no distinction between skilled and unskilled labor. *Von Dorn v. Mengedohrt*..... 526
3. A description in a sworn statement which is inapplicable to the land benefited is not sufficient to subject the property to the operation of the lien claimed. *Bell v. Bosche*, 853
4. The owner at the time buildings were erected, or a subsequent purchaser, may raise an objection to the description in the sworn statement for a lien. *Id.*
5. Acknowledgment by landlord that expenses, incurred by his tenant without authority in erecting buildings on leased premises, are proper charges against him in settlement with the tenant, is such a ratification of the tenant's acts as will subject the premises to a lien for the improvements. *Scroggin v. National Lumber Co.*..... 196
6. Payment by landlord to the tenant of cost of improvements on the leased premises does not defeat a lien. *Id.*
7. A person who has taken notes for the purchase price of materials may secure a lien by filing in the office of the register of deeds either a proper account of the materials furnished or copies of the notes with a sworn statement, but it is unnecessary to do both. *Jarrett v. Hoover*..... 231

Merger.

All verbal negotiations or understandings of parties prior to the execution of the written contract are merged therein.

Clarke v. Kelsey 786

Mortgages. See DURESS. INSURANCE, 15. JUDICIAL SALES, 2.

1. A real estate mortgage is a mere incident of the debt which passes to the assignee when the debt is transferred. *Whipple v. Fowler* 676
2. In Iowa the proceeds arising from sale of mortgaged property are applied to payment of notes in the order they fall due. In Nebraska the several holders of the notes are entitled to share *pro rata* in the proceeds. *Id.*
3. Neither a mortgagor nor a purchaser with notice can acquire rights or advantage by the unauthorized registration of a release in escrow. *Id.* 675
4. Satisfaction of record by a mortgagee after he transferred the notes secured by the mortgage will protect a subsequent *bona fide* mortgagee or purchaser. *Id.* 676
5. Where a mortgagor executes to the mortgagee a deed to mortgaged land with the right to redeem, the relation of the parties is not thereby changed. *Morrow v. Jones* 868
6. When a court ascertains that a deed was intended as a mortgage it should allow the mortgagor to redeem. *Id.*
7. When a mortgagor dies, an action to redeem may be maintained by the person who succeeded to his interest in the land mortgaged. *Id.*
8. A mortgagee in possession before foreclosure is liable to account for the net rental value of the property, though the instrument securing the debt is in form a deed. *Id.*

Motion for New Trial. See NEW TRIAL.**Municipal Corporations.** See SCHOOL DISTRICTS.

1. Where the existence of a municipal corporation is not questioned by the state, it cannot be put in issue by a private individual in a collateral proceeding. *State v. Whitney* 613
2. Sec. 2, art. 9, of the constitution, exempting certain property from taxation, does not apply to special assessments for local improvements. *City of Beatrice v. Brethren Church*, 359
3. A contractor may be required by a city, without express authority from charter or ordinance, to give bond to pay for all labor and material furnished to him in the execution of his contract with the city. *Doll v. Crume* 655

Municipal Corporations—concluded.

4. A charter provision, requiring statement of claim against the city for unliquidated damages to be filed with the city clerk within three months, is valid and a condition precedent to suit. *City of Lincoln v. Finkle*..... 575
5. Filing of the statement for unliquidated damages against the city within the time limited by the charter must be alleged and proved in order to recover. *Id.*
6. A city is liable for an injury resulting from the negligence of its contractor in constructing a public improvement. *City of Beatrice v. Reid*..... 214
7. A municipal corporation is charged by law at all times with the duty of keeping its streets and sidewalks in a reasonably safe condition for travel by the public. *Id.*
8. A municipal corporation cannot, by an act of its own, devolve upon another the duty of keeping its streets and sidewalks in a safe condition, so as to relieve itself from liability resulting from its failure to perform such duty. *Id.*
9. Basis of liability of city for injuries resulting from negligence of contractor in constructing an improvement. *Id.*, 215

Murder. See DESCENT.

Mutual Insurance. See INSURANCE, 1-7.

Negligence.

1. A land owner who is negligent in making improvements which cause surface water to flow upon the land of an adjoining proprietor is liable for damages. *Anheuser-Busch Brewing Association v. Peterson*..... 598
2. The law only requires a person in passing over a place of danger to exercise ordinary care, the danger and his knowledge thereof considered. *City of Beatrice v. Reid*..... 214
3. Where plaintiff sues for damages for injuries to his wife, negligence on his part cannot be inquired into under an allegation of defendant that the wife was guilty of contributory negligence. *Omaha & R. V. R. Co. v. Chollette*... 589
4. Where plaintiff proves his case without disclosing contributory negligence it will be presumed he was free therefrom. The burden of proving contributory negligence is on defendant. *Union Stock Yards Co. v. Conoyer*..... 617
5. Instructions on question of negligence where evidence is conflicting. *Union P. R. Co. v. Cobb*..... 120
6. Facts which prove an accident may be circumstances from

Negligence—concluded.

- which facts justifying an inference of negligence may be found to exist. *Union P. R. Co. v. Erickson*..... 2
7. Questions of negligence and contributory negligence are for the jury where from the facts proved different minds may reasonably draw different conclusions. *Id.*..... 2
8. Where a motion for judgment on special findings involves an inference as to whether the facts constitute contributory negligence it should be overruled, that question being for the jury. *Omaha & R. V. R. Co. v. Chollette*. 579
9. An award of a jury for damages for personal injuries will not be reduced by supreme court where it is supported by sufficient competent evidence. *Fremont, E. & M. V. R. Co. v. Leslie*..... 159
10. Instructions on question of negligence. *Id.*..... 162
11. Judgment of two thousand dollars, for personal injuries resulting from collision in street through negligence of defendant's driver, was sustained as supported by sufficient evidence. *Stephenson v. Flagg*..... 371
12. Evidence in a case where a brakeman on a freight train was injured held insufficient to establish negligence on part of the railroad company. *Erb v. Eggleston*..... 860
13. Sufficiency of evidence to show that the proximate cause of plaintiff's personal injuries was his own negligence, in an action against a railroad company, where it appeared that while plaintiff was driving near a crossing his horse was frightened by the noise of a moving car and ran away. *Stephens v. Omaha & R. V. R. Co.*..... 167

Negotiable Instruments. See EVIDENCE, 6. HUSBAND AND WIFE, 3. MECHANICS' LIENS, 7. MORTGAGES, 1-4. PLEDGES.

1. In an action by the transferee of a negotiable note properly indorsed before maturity, the production of the note shows *prima facie* that he is a *bona fide* holder. *McDonald v. Aufdengarten* 40
2. In an action by the indorsee of a negotiable note before maturity, proof that the note is tainted with usury shifts to the plaintiff the burden of showing that he is a *bona fide* holder for value without notice. *Id.*
3. When negotiable paper is purchased after maturity from an innocent holder for value before maturity, the purchaser takes it free from all equities and defenses which existed between the original parties. *Barker v. Lichtenberger*..... 751

Negotiable Instruments—concluded.

4. One who takes negotiable paper of a third person in payment of a pre-existing debt is a holder for value, where by taking it he loses or postpones his right to proceed upon the original indebtedness. *Id.*

New Trial. See CRIMINAL LAW, 6. REVIEW, 12, 13, 21.

1. A new trial will not be granted on account of an erroneous instruction which did not prejudice the party complaining. *Roberts v. Drehmer* 306
2. Where a joint motion for a new trial by two or more parties cannot be sustained as to all it must be overruled as to all. *Minick v. Huff*..... 516
3. Where a motion for a new trial is not based upon newly-discovered evidence it must be filed within three days unless the party making it is unavoidably prevented from doing so. *Brown v. Ritner*..... 52
4. A new trial should not be granted on account of newly-discovered evidence by a witness who testified in the case, where no effort was made during his examination to elicit the facts claimed to be newly-discovered evidence. *Von Dorn v. Mengedoh*..... 526

Newly-Discovered Evidence. See NEW TRIAL, 4.

Notary Public.

1. A woman may hold the office of notary public. *Von Dorn v. Mengedoh*..... 526
2. The right of a woman to hold the office of notary public, when she has been appointed and commissioned, can only be inquired into in a suit for that purpose. *Id.*

Notes. See NEGOTIABLE INSTRUMENTS.

Notice. See INSURANCE. JUDICIAL SALES, 1.

Nuisance.

1. One who collects upon his premises matter which pollutes his neighbor's well is liable for damages. *Beatrice Gas Co. v. Thomas* 662
Anheuser-Busch Brewing Association v. Peterson 898
2. Knowledge of defendant that plaintiff's well was contaminated is not necessary to recovery in an action for damages. *Beatrice Gas Co. v. Thomas*..... 662
3. Where the injury from polluting a well is permanent the plaintiff should recover for all damages, present or prospective. For a temporary injury the recovery should be for damages to commencement of suit. *Id.*

Nuisance—concluded.

4. The fact that the injury could be avoided by digging a new well is admissible in mitigation of damages. *Id.*
5. When plaintiff proves that other wells in the neighborhood are polluted, evidence by defendant that wells further from the source of pollution are also likewise affected is admissible. *Id.*

Objections. See DAMAGES, 4.

Office and Officers. See COUNTIES. NOTARY PUBLIC.
STATE TREASURER.

Overruled Cases. See TABLE, *ante*, p. xxi.

Parent and Child. See INTOXICATING LIQUORS, 1. SPECIFIC PERFORMANCE.

1. In a case involving the custody of an infant of tender years the court should make such an order as will be for the best interests of the child regardless of the wishes of the parties. *Schroeder v. State*..... 745
2. A father may, by abandonment, forfeit his right to the custody of his child. *Id.*

Parol Contracts. See WILLS.

Part Performance. See DAMAGES, 13.

Parties. See EXECUTIONS, 3. INSURANCE, 15. RECEIVERS.
REVIEW, 33.

Two corporations may be impleaded as defendants, at the suit of a stockholder of one to obtain an accounting between them, where the officers of one have abused their trust in the interest of the other. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 374

Partnership.

One cannot maintain an action at law against his partner to recover partnership money where there has been no settlement of accounts. *Lord v. Peaks*..... 891

Passengers. See RAILROAD COMPANIES.

Payment. See MECHANICS' LIENS, 6. VENDOR AND VENDEE.

As against strangers thereto, a receipt is incompetent evidence of the payment thereby acknowledged. *Ellison v. Albright*..... 93
Merrill v. Wright..... 355

Penal Statutes. See STATUTES, 4.

Penalty.

Where the sum stipulated in a contract as the measure of damages for a breach thereof will more than compensate the party not in default, the court will regard such sum as a penalty. *Gillilan v. Rollins*..... 540

Permanent School Fund. See SCHOOL FUNDS.

Personal Examination. See DAMAGES, 3.

Personal Injuries. See DAMAGES, 2. NEGLIGENCE, 11, 12.

Petition in Error. See REVIEW, 32.

Physicians. See ASSAULT. DAMAGES, 3, 4.

Pleading. See CONVERSION, 1. LIMITATION OF ACTIONS, 2, 3. MUNICIPAL CORPORATIONS, 5. NEGLIGENCE, 3. PRACTICE. REVIEW, 14. TAXATION, 4. TRIAL, 2.

1. The proof must be confined to the issues as made by the pleadings. *Thompson v. Werts*..... 31
2. A party is estopped from denying the truth of averments in his own pleadings. *Foley v. Holtry*..... 563
3. The court may permit pleadings to be amended to conform to proof admitted without objection. *Whipple v. Fowler*..... 675
4. A ruling, not prejudicial, upon a motion for a more specific statement affords no ground of error. *Phenix Ins. Co. v. Covey*..... 724
German-American Ins. Co. v. Covey..... 728
5. Facts showing want of jurisdiction not disclosed by the petition may be pleaded as a distinct defense. *Anheuser-Busch Brewing Association v. Peterson*..... 897
6. An objection that plaintiff has not legal capacity to sue must be made by demurrer or special plea. *Clark v. Carey*.. 788
7. All material allegations of new matter in an answer must be taken as true where there is no reply. *National Lumber Co. v. Ashby*..... 292

Pledges.

1. The maker of notes which were procured by fraud of the payee, in an action against the former by one who holds the notes as collateral security, cannot require plaintiff to first exhaust other collateral. *Haas v. Bank of Commerce*..... 755
2. A pledgee of collateral notes who surrenders one of them and takes in exchange other security drawn to his own order is bound to account as if the note surrendered had been paid in full. *Id.*

Pledges—concluded.

3. A plaintiff who is pledgee of notes which were procured by fraud of the pledgor can only recover of the maker the unpaid portion of the debt the notes were given to secure. *Id.*

Practice. See DISMISSAL. HOMESTEAD, 3.

1. The lower court was sustained on review in a case where it appeared that defendants after answer day filed a demurrer without leave; that plaintiff moved for default; and that the court did not enter default but gave defendants leave to answer in two days. *Lichtenberger v. Worm*, 856
2. In reversing a decree in favor of plaintiff in an action to rescind a contract, where it is decided upon review that plaintiff is estopped to rescind, the cause may be remanded with leave to him to amend his petition and pray for damages. *Foley v. Holtry*..... 567

Principal and Agent. See INSURANCE 3, 8-11. MASTER AND SERVANT. REAL ESTATE AGENTS.

1. Under a contract for the erection of an improvement for a city, the contractor is the agent of the corporation. *City of Beatrice v. Reid*..... 214
2. A principal must adopt the acts of his agent as a whole, and will not be permitted to ratify that part of a contract which is beneficial and reject that which is not. *Morrow v. Jones*..... 868
3. An agent having the exclusive right to sell manufactured articles within a specific territory may maintain an action against his principal for loss of profits on goods sold by the latter in such territory in violation of the contract. *Bussell v. Horn, Brannen & Forsyth Mfg. Co*..... 567

Principal and Surety. See BONDS. BUILDERS' BONDS. EXECUTIONS, 3.

1. A surety cannot recover of his principal on account of suretyship until he has paid some part of the latter's debt. *Minick v. Huff*..... 516
2. A court may restrain by injunction the sale, under execution, of a surety's property until that of a co-surety has been exhausted, where the latter agreed to save the former harmless. *Minick v. Brock*..... 512

Promises. See ACTIONS, 1.**Promissory Notes. See NEGOTIABLE INSTRUMENTS. PLEDGES.**

Public Policy.

Expenses incurred by a construction company in making preliminary surveys, to induce municipal donations to a railway, are not recoverable as part of the cost of construction of the railway. *Fitzgerald v. Fitzgerald & Mal-lory Construction Co.*..... 376

Publication. See JUDICIAL SALES, 1.

Quieting Title.

1. A person claiming title may maintain an action to quiet it against any one claiming adversely. *Force v. Stubbs*..... 271
2. Purpose of act to quiet title (secs. 57-59, ch. 73, Comp. Stats.). *Id.*

Quo Warranto. See NOTARY PUBLIC, 2.

Railroad Companies. See CONTRACTS, 1, 3. DEATH BY WRONGFUL ACT. INSTRUCTIONS, 6. INSURANCE, 1-7. MASTER AND SERVANT, 1, 4-6. NEGLIGENCE, 12.

1. Sec. 3, art. 1, ch. 72, Comp. Stats., making railroad companies liable for injuries to passengers, applies to an action by a third person for damages sustained in consequence of an injury to a passenger. *Omaha & R. V. R. Co. v. Chollette*, 579
2. Construction of sec. 110, ch. 16, Comp. Stats., exempting railroad companies from liability for injuries to passengers on platforms of moving cars in violation of printed regulations of the company. *Id.*..... 580

Rape. See ASSAULT.

Ratification. See ESTOPPEL, 4. MECHANICS' LIENS, 5.

Real Estate Agents.

1. An agent who represents both parties in exchanging property cannot recover compensation from either unless his double employment was consented to by both. *Campbell v. Bazler* 729
2. One who pays an agent for making a sale may recover back the commission where the agent acted for and was to receive compensation from the vendee without the knowledge of the vendor. *Id.*
3. An agent employed to sell land so as to net the owner a fixed sum and receive for his services all purchase money in excess thereof, cannot recover commission where he offers to sell at the sum fixed and introduces to the owner one who accepts the offer. *Beatty v. Russell*..... 321

Receipts. See PAYMENT.

Receivers. See REVIEW, 22.

A receiver of a corporation appointed in another state is not a necessary party in Nebraska to a suit brought by or against the corporation. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 375

Records. See BUILDERS' BONDS. JUDICIAL RECORDS.**Registration.** See MORTGAGES, 3.**Release.** See MORTGAGES, 3.**Relief Departments.** See INSURANCE, 1-7.**Religious Societies.** See MUNICIPAL CORPORATIONS, 2.**Remittitur.**

1. *Gordon v. Little* 253
2. Where the amount of excess of a verdict appears from the record of a judgment, permission may be given to file a remittitur as a condition of affirmance. *Haas v. Bank of Commerce*..... 765
Wonderlick v. Walker 812
3. Where part of an award by a jury for damages for personal injuries is not supported by evidence, judgment rendered thereon will be reversed where defendant in error fails to remit the excess. *Fremont, E. & M. V. R. Co. v. Leslie*..... 159

Rents and Profits. See MORTGAGES, 8.**Repeal of Statute.** See ABATEMENT.**Replevin.** See ESTOPPEL, 5.

1. *Esterly Harreasting Machine Co. v. Pringle* 265
2. A house may be replevied where it is regarded by the parties as personalty. *McDaniel v. Lipp*..... 713
3. Where the finding is for plaintiff he is entitled to have his damages for the unlawful detention assessed. Judgment for damages cannot properly be rendered in absence of an assessment. *Gordon v. Little* 250
4. Right of a servant to possession of share of crop raised by him on a farm other than that of his employer during a term of employment under which the latter was entitled to services of the former. *Hale v. Sheehan* 104

Res Adjudicata.

An order overruling a motion to dissolve an attachment on the ground, *inter alia*, that the attached property is the homestead of defendants, is not conclusive as to the homestead right. *Quigley v. McEvony*..... 73

Rescission. See ESTOPPEL, 4. VENDOR AND VENDEE.

Res Gestæ. See CONSPIRACY. EVIDENCE, 4.

Revenue. See TAXATION.

Review. See APPEAL. BILL OF EXCEPTIONS. COSTS. CRIMINAL LAW, 4, 6. NEGLIGENCE, 9. NEW TRIAL. PRACTICE, 2. REMITTITUR.

1. A judgment will not be reversed unless error affirmatively appears from the record. *Weeks v. Wheeler*..... 200
2. The discretion of trial judges in setting aside verdicts as not sustained by evidence is greater than that of the appellate court. *Davis v. Hilbourn*..... 35
3. A ruling on a motion to submit questions for special findings will not be reviewed except for abuse of discretion. *Reed v. McRill*..... 206
4. The judgment will be reversed where the verdict was grossly inadequate. *McDonald v. Aufdengarten*..... 40
Ellsworth v. City of Fairbury..... 881
5. Supreme court will not consider trial docket entries of the district judge to ascertain what was decided below. *Brown v. Ritzer*..... 53
6. Where the transcript for review does not contain a copy of the judgment complained of, the petition in error will be dismissed. *Baker v. Kloster*..... 890
7. A transcript properly authenticated is conclusive evidence of the contents of the pleadings upon which the case was tried. *Phenix Ins. Co. of Brooklyn v. Bad Bila Hora Lodge*, 21
8. Harmless error is not ground for reversal. *McDonald v. Dodge County* 905
Phenix Ins. Co. of Brooklyn v. Covey..... 724
German-American Ins. Co. v. Covey 728
9. Admission of incompetent testimony in a trial without a jury is not reversible error. *Whipple v. Fowler*..... 675
10. Admission of irrelevant testimony in a case tried to a jury is prejudicial error where it may have influenced the verdict. *Thompson v. Wertz*..... 31
11. The supreme court, in absence of evidence to the contrary, will presume that the trial court acted with due regard for its duty to prevent dilatory and frivolous proceedings and to give defendants an opportunity to make their defense. *Lichtenberger v. Worm*..... 856
12. It will be presumed that a new trial was properly granted where error in the ruling is not pointed out and reference

Review—continued.

- is made in assignments of the motion to matter not in the record. *Omaha & R. V. R. Co. v. Chollette* 579
13. Allegations of error as to rulings of trial court and verdict of jury will not be reviewed where the party aggrieved failed to present the questions below by a motion for a new trial. *Brown v. Ritzer*..... 52
Scroggin v. National Lumber Co...... 195
Appelget v. McWhinney 253
Crooker v. Stover..... 693
14. Where an appeal from the county board has been tried in the district court without pleadings the supreme court will not examine the evidence on error to ascertain what issues were litigated. *Haskell v. Valley County* 235
15. Where parties do not file briefs or make oral arguments the judgment will be affirmed. *Miller v. Lewis*..... 692
Kilpatrick v. Cook 737
16. Points not argued will be deemed waived. *Gulick v. Webb*, 706
17. Attorneys in their briefs should not cast reflections upon the integrity of a district judge. *Foley v. Holtry*..... 563
18. Allegations of error in admitting and refusing evidence will not be considered in absence of a bill of exceptions. *Haskell v. Valley County*..... 234
19. An assignment of error that the verdict of the jury, or the finding of the court, is not supported by the evidence will not be considered unless the evidence is before the court by a proper bill of exceptions. *Appelget v. McWhinney*..... 253
Morrow v. Jones..... 868
20. Affidavits used on the hearing of a motion will not be considered on review unless preserved by a bill of exceptions. *National Lumber Co. v. Ashby* 292
21. An order denying a new trial asked on the ground of newly-discovered evidence will not be reviewed where the evidence on the hearing of the motion has not been preserved by a bill of exceptions. *Id.*
22. In absence of a bill of exceptions the averments of a petition for a receiver must be taken as true where they have not been denied except by affidavits used as evidence. *Lowe v. Riley* 813
23. Instructions will not be reviewed unless the record shows they were excepted to. *Bea v. Bishop*..... 202
Bloedel v. Zimmerman..... 695
24. An allegation of error as to refusing an instruction

Review—continued.

- omitted from the transcript for review will not be considered. *Wiseman v. Ziegler*..... 886
25. The objection that the court failed to instruct the jury upon the law of the case is not raised by an assignment that there was error in giving instructions, the instructions being correct. *Davis v. Hilbourn*..... 36
26. Instructions should be considered as a whole and not by detached paragraphs. If found correct when thus considered, no error can be predicated upon the action of the court in giving them. *Love v. Putnam*..... 86
27. Judgments based on findings of fact will not be disturbed unless clearly wrong or against the weight of evidence.
- Davis v. Hilbourn*..... 35
- Thomas v. Long*..... 55
- Quigley v. McEvony*..... 74
- Hunt v. Huffman*..... 244
- Vandecar v. Johnson*..... 577
- Wonderlick v. Walker*..... 806
28. Where the evidence is conflicting, and the verdict is sufficiently supported, the judgment will not be set aside.
- Johnson v. Guss*..... 19
- Union P. R. Co. v. Cobb*..... 120
- Kirkendall v. Davis*..... 286
- Crooker v. Stover*..... 693
- Storz v. Riley*..... 822
29. When the existence of a fraudulent motive was the question of fact submitted to a jury, its verdict will not be disturbed if sustained by competent evidence. *Melick v. Varney*..... 105
30. An assignment of error as to giving *en masse* certain instructions will not be considered further than to ascertain one of them was properly given. *Meyer v. Union Bag & Paper Co.*..... 67
- Havens v. Grand Island Light & Fuel Co.*..... 157
- City of Beatrice v. Reid*..... 214
- Haskell v. Valley County*..... 237
- Gillilan v. Rollins*..... 543
- Wonderlick v. Walker*..... 806
31. An assignment that the trial court erred in refusing to give a group of instructions asked will be considered no further than to ascertain one of them was properly refused. *Bea v. Bishop*..... 202
- Stephenson v. Flagg*..... 371
- Minick v. Huff*..... 519

Review—concluded.

32. A plaintiff in error should state specifically in his petition what action of the district court he claims was erroneous. Rulings on evidence will not be reviewed unless pointed out by an assignment of error. *Haskell v. Valley County*... 236
Kirkendall v. Davis..... 285
Minick v. Huff..... 516
Gillilan v. Rollins..... 543
Burlington Voluntary Relief Department v. White..... 554
Russell v. Horn, Brannen & Forsyth Mfg. Co..... 570
Bloedel v. Zimmerman..... 697
Clark v. Carey..... 781
Wonderlick v. Walker..... 806
Wiseman v. Ziegler 887
33. A joint assignment not good as to all plaintiffs in error will be overruled as to all. *Gordon v. Little* 250
34. An assignment alleging error in overruling a motion for a new trial is insufficient if it fails to specify the ground of the motion to which it applies. *Wiseman v. Ziegler*.... 887
35. The evidence will not be reviewed to ascertain whether it sustains the verdict where the question has not been specifically raised by the petition in error. *Id.*
36. Assignments of error not presented to the district court on error from a justice of the peace will not be considered in the supreme court in reviewing a judgment of affirmance. *Weeks v. Wheeler*..... 200

Revivor. See MORTGAGES, 7.

Sales. See DAMAGES, 9, 10. ESTOPPEL, 5. FALSE REPRESENTATIONS.

1. Whether the rule, that delivery of goods to a carrier consigned to purchaser is a delivery to the latter, is applicable in any case depends upon the facts and circumstances and contract of sale. *Havens v. Grand Island Light & Fuel Co*..... 153
2. Case where the purchaser accepted a consignment and was not estopped from alleging the inferior quality of the goods as a defense in a suit for the purchase price. *Id.*

School Districts.

1. A district school board, under the law in force prior to April 5, 1893, had no power to call a bond election until a petition signed by at least one-third of the voters of the district had first been presented. *Fullerton v. School District*..... 593
2. Where the law requires a petition of a certain character

School Districts—concluded.

in order to confer power on a board to call a bond election, the determination by the board of the sufficiency of the petition is not conclusive, but its sufficiency is open to judicial inquiry. *Id.*..... 594

School Funds.

1. By the provision of sec. 9, art. 8, of the constitution, the state is made the trustee of the permanent school fund. *State v. Bartley*..... 278
2. If, as trustee for the permanent school fund, the state desires to invest the same in state warrants, it must do so on terms of equality with other investors. *Id.*
3. A holder of general fund warrants is not required to receive in payment thereof money known to belong to the permanent school fund. *Id.*

Set-Off. See NEGOTIABLE INSTRUMENTS, 3, 4.

1. A set-off in an action on contract must be a cause of action arising upon contract or ascertained by decision of a court. *Burge v. Gandy*..... 149
2. A set-off by defendant must be for such a claim as he could have maintained in an action against plaintiff at the time the latter commenced his suit. *Id.*
3. The owner of a domestic judgment may make it the basis of a set-off in a suit brought against him to foreclose a mortgage owned by a party liable on such judgment. *Id.*

Sheriffs and Constables. See EXECUTIONS, 2, 3. TREAS-
PASS.

Signatures. See TRIAL, 8.

Special Findings. See NEGLIGENCE, 8. TRIAL, 6, 7.

Special Legislation. See CONSTITUTIONAL LAW, 1, 2.

Specific Performance.

An adopted child who performed her part of an oral contract under which she was entitled to all the property of her adopted parents at their death was decreed by specific performance to be the owner of real estate they failed to convey to her by deed or will. *Kofka v. Rosicky* 328

State and State Officers. See STATE TREASURER.

State Treasurer.

1. A legislative act for the transfer of the permanent school fund to the general fund is no protection to the treasurer, and he is liable to the school fund for all money disbursed in pursuance of such an act. *State v. Bartley* 278

State Treasurer—concluded.

2. It is the duty of the treasurer, on demand of the holder, to register state warrants in the order presented, when not paid for want of funds. *Id.*

Statute of Frauds. See ACTIONS, 1. CHATTEL MORTGAGES, 2, 3. WILLS.

1. The verbal promise of A to B to indemnify him if he will become surety for C for a debt of the latter to D is not a promise on the part of A to answer for the debt of C, and is not within the statute. *Minick v. Huff*..... 516
2. A proposition by a mortgagee's attorney, to allow the mortgagor to redeem at any time upon making his client a deed for the premises, is not within the statute even where the proposition was made without authority from the mortgagee. *Morrow v. Jones*..... 867

Statute of Limitations. See LIMITATION OF ACTIONS. TAXATION, 3.**Statutes. See CONSTITUTIONAL LAW, 1, 2. MUNICIPAL CORPORATIONS, 2. RAILROAD COMPANIES. STATE TREASURER. TABLE, ante, p. xlv.**

1. Courts will not hesitate to declare acts of the legislature invalid when they are found to be in conflict with the constitution. *State v. Bartley*..... 277
2. The fact that a statute is within the letter of the constitution is not sufficient. It must also be in substantial compliance with the spirit and purpose thereof. *Id.*
3. An act which violates the true meaning and intent of the constitution, and is an evasion of its general, express, or plainly implied purpose, is as clearly void as if in express terms prohibited. *Id.*
4. Where the object of a statute is clearly to inflict punishment on a person for doing what is prohibited, or failing to do what is commanded, it is penal in its character. *Globe Publishing Co. v. State Bank of Nebraska*..... 175
5. Statutes should be so construed as to give effect to the intention of the legislature. There is no room for construction where the statute is plain and unambiguous. *Shellenberger v. Ransom*..... 631

Stay. See JUDGMENTS, 1.**Stockholders. See CORPORATIONS.****Streets. See MUNICIPAL CORPORATIONS, 7, 8.**

Summons.

1. The provision of sec. 81 of the Code, for personal service out of the state, is designed as a substitute for constructive service by publication in actions such as those enumerated in sec. 77. *Anheuser-Busch Brewing Association v. Peterson*..... 897
2. Where the purpose of an action is to determine the personal rights of the parties, service within the state is essential to jurisdiction. *Id.*

Supersedeas. See JUDGMENTS, 1.

Suretyship. See BONDS. HUSBAND AND WIFE, 2, 3. PRINCIPAL AND SURETY.

Surface Waters.

1. A proprietor may not collect surface waters on his estate into a ditch or drain and discharge them in a volume on the lands of his neighbor. *Lincoln Street R. Co. v. Adams*, 737
2. A land owner, who is free from negligence, in making upon his premises necessary and lawful improvements which cause surface water to flow upon the land of an adjoining proprietor, is not answerable to the latter for damages. *Anheuser-Busch Brewing Association v. Peterson* 898

Taxation. See MUNICIPAL CORPORATIONS, 2.

1. The provision of the revenue law, by which taxes are declared to be a perpetual lien, is designed for the benefit of the state and municipalities. *Foree v. Stubbs*..... 271
2. Purchasers of property at tax sales must look to the remedy prescribed by statute. *Id.*
3. The limitation of the revenue law with respect to the period within which an action must be brought to enforce a lien does not relate to the remedy merely, but to the cause of action. *Id.*
4. In foreclosure neither a levy nor assessment will be presumed from the introduction in evidence of a receipt of the treasurer for the taxes or his certificate of purchase at tax sale, where the existence of the assessment and levy is in issue. *Merrill v. Wright*..... 351

Tenancy in Common.

- A land owner and cropper are tenants in common of crops cultivated by the latter for a share thereof where the contract between them does not create the relation of landlord and tenant. *Reed v. McRill* 206

Tender. See INSURANCE, 2.

Time. See NEW TRIAL, 3.

Torts. See CORPORATIONS, 12. EXECUTIONS, 3. INTOXICATING LIQUORS, 1. TRESPASS.

A corporation is liable for torts of its officers. *Fitzgerald v. Fitzgerald & Mallory Construction Co.*..... 375

Transcripts. See REVIEW, 6, 7, 24.

Treasurer. See COUNTIES, 4.

Trespass.

1. One who delivers to an officer a valid writ, without directions as to the manner of its service, will not be liable for torts committed by the latter while engaged in the execution thereof. *Murray v. Mace*..... 60
2. One who, with knowledge of the facts, advises an abuse of a process of court by an officer, such as a trespass against the person or property of another, or subsequently ratifies such unlawful act, will be deemed a wrong-doer from the beginning. *Id.*

Trial. See CRIMINAL LAW. DEPOSITIONS. NEGLIGENCE, 3. NEW TRIAL. PLEADING, 3. PRACTICE. REPLEVIN, 3. REVIEW, 9, 10, 23, 25. VERDICT. WITNESSES.

1. Review of rulings on evidence. *Phenix Ins. Co. of Brooklyn v. Rad Bila Hora Lodge*..... 21
2. A cause should be tried upon the issues formed by the pleadings. *Clarke v. Kelsey*..... 766
3. Discussion of alleged misconduct of attorneys in opening case and examining witness. *Union P. R. Co. v. Cobb*..... 124
4. Defendant is entitled to open and close where the defense is insanity in an action on contract. *Rea v. Bishop*..... 202
5. Upon motion to direct verdict for defendant every allegation of the petition, in support of which there is testimony, should be considered as proved. *Union Stock Yards Co. v. Conoyer*..... 617
6. Submission of questions for special findings is discretionary with trial court. *Reed v. McRill*..... 206
7. The requirement that special findings be made by the jury is a matter of discretion with the trial court, and the refusal to require a special finding requested does not ordinarily afford a sufficient reason for reversal. *Union P. R. Co. v. Cobb* ..,..... 120
8. In ejectment, where the genuineness of a signature to a deed is in issue, it is error for the jury to take and keep in their room during the consideration of the case a note signed by the alleged forger, the note not having been introduced in evidence. *La Bonty v. Lundgren* 313

Trover and Conversion. See CONVERSION.

Trusts. See SCHOOL FUNDS, 1.

Sufficiency of evidence to support a finding that a child's title to land was not held in trust for her father. *Hogeboom v. Robertson*..... 795

Usury.

1. Evidence held insufficient to sustain a verdict finding usury in the transaction. *Minneapolis Harvester Works v. Kaessner* 716
2. Every renewal of a note given for a usurious loan of money is subject to the defense of usury between the original parties and purchasers with notice. *McDonald v. Aufden-garten* 40
3. Evidence held sufficient to sustain plea of usury, and that plaintiff was not an innocent purchaser without notice. *Id.*
4. In an action by the indorsee of a note, where the defense is usury, evidence that he knew the payee usually loaned money at usurious rates is competent as tending to prove that the note was purchased with notice of its infirmities. *Id.*

Vendor and Vendee. See DEEDS. ESTOPPEL, 4. MORTGAGES, 4.

A vendee, who failed to perform, cannot maintain an action to recover payments already made where the vendor rescinded the contract according to its terms. *Patterson v. Murphy* 818

Venue. See BASTARDY, 3.

Verdict. See CRIMINAL LAW, 2.

A verdict for a specific sum and interest will sustain a judgment for the sum named. *Wiseman v. Ziegler*..... 886

Voluntary Assignments. See CHATTEL MORTGAGES, 4.

A bill of sale executed in good faith to secure a bona fide debt is not void as constituting a voluntary assignment. *Meyer v. Union Bag & Paper Co.*..... 67

Waiver. See CRIMINAL LAW, 5. DAMAGES, 4. INSURANCE, 3.

Under facts recited in opinion the question whether parties to a written contract waived its terms is one of fact to be determined by the jury. *Russell v. Horn, Brannen & Forsyth Mfg. Co.*..... 567

Warrants. See SCHOOL FUNDS.

Warranty. See CONFLICT OF LAWS, 2.

Water and Water-Courses. See SURFACE WATERS.

Wells. See NUISANCE.

Wills.

An adopted child who has performed her part of the contract may enforce by specific performance her rights under an oral agreement of her adopted parents to will her their property. *Kofka v. Rosicky* 328

Witnesses. See DEPOSITIONS. EVIDENCE. NEW TRIAL, 4. NUISANCE, 5.

Written or oral statements of a witness must be called to his attention before they can be used to impeach him. *Thompson v. Werts*..... 31

Words and Phrases.

"Ascertained." *Globe Publishing Co. v. State Bank of Nebraska*. 173

Writs. See EXECUTIONS. SUMMONS. TRESPASS.

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10-105

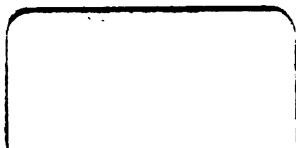
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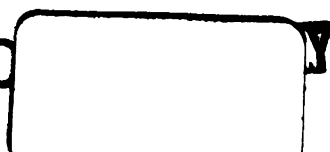




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